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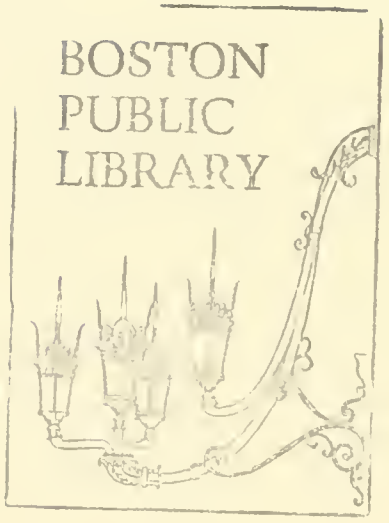
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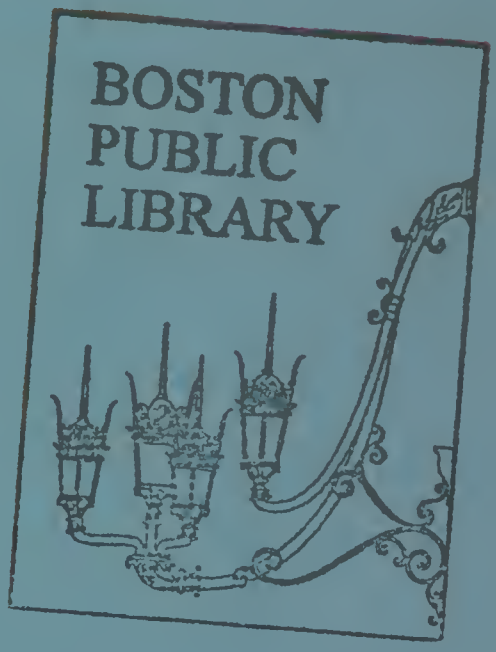
# CENTRAL BUSINESS DISTRICT PROJECT

Land Utilization and Marketability Studies

Boston, Massachusetts




ROBERT GLADSTONE
AND ASSOCIATES
ECONOMIC CONSULTANTS

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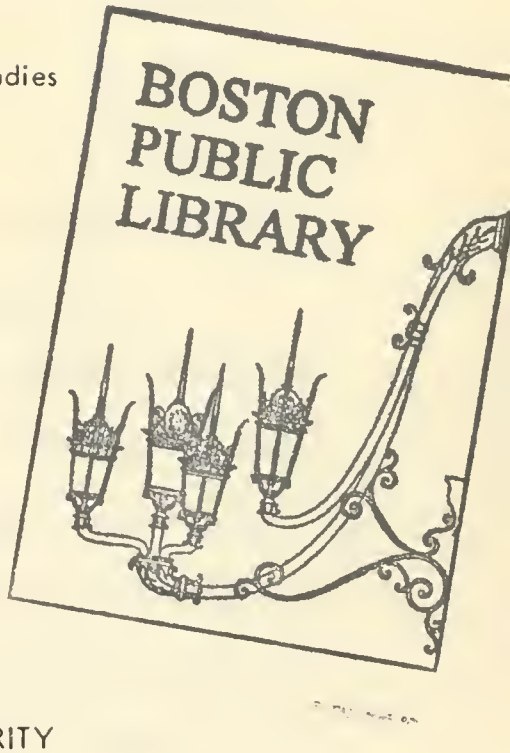
Boston, Massachusetts




Prepared for

BOSTON REDEVELOPMENT AUTHORITY

December 1966

By

Robert Gladstone & Associates
Economic Consultants
Washington, D.C.

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# FOREWORD

This report covers the specific marketability of various space uses for disposition parcels within the Central Business District Project and follows an earlier May 1963 report on the larger Downtown GNRP area of which the Project is a major portion. Another report was also completed earlier for the South Cove Project within the GNRP area. This work was undertaken for the Boston Redevelopment Authority by contract dated September 5, 1962.

Our specific assignment was to determine the major market potentials for retail, general commercial, office and multi-family residential uses within disposition parcels in the CBD Project during the 1967-75 period. The resulting economic analysis is part of a comprehensive study of Downtown Boston leading to a plan for its renewal along modern, attractive and efficient lines.

This report is divided into four sections. Section I provides a background analysis of the Project and Boston's central area, Project strengths and weaknesses, objectives, and proposed re-uses for disposition parcels. Past, current and projected population, income and land use trends for Metropolitan Boston and Downtown are analyzed for retail and general commercial, office and multi-family residential uses in Section II as a prelude to a specific project marketability analysis. New growth and relocation potentials were estimated and allocated by Project development sector in the third section. Finally, Section IV sets forth preliminary re-use valuations by parcel. Our findings were that space re-use proposals by BRA were supportable at or near the lower end over the involved time period for the various re-uses indicated.

Many persons and agencies at the local, state and Federal levels, as well as private organizations generously furnished pertinent information and data during the course of our studies. Specific references are included in the text where applicable. However, full responsibility for interpretation and application of all materials included in the report is assumed by this firm.

Robert Gladstone & Associates
Washington, D. C.
December 1966

## SUMMARY OF PRINCIPAL FINDINGS

A. The space (or units) proposed for the various Project disposition parcels is considered as marketable during the development time period. Demand projections indicate a market for space within but at the lower end of the space range by type proposed in the renewal plan. Two possible alternatives are proposed.

1. Distribute the marketable space at the lower development density over Project parcels within the specified 1967-75 development period as shown in B below.
2. Concentrate on more intensive development at the upper end of the space range proposed by extending somewhat the redevelopment timetable in relation to the lower-priority parcels.
3. We recommend the latter alternative with some guidelines indicated for implementation by development sector.
4. These market potentials are, of course, contingent on continued revitalization of Boston's central area through a variety of improvements including new public facilities, renovation of older outlets, elimination of traffic bottlenecks, more strategically-located off-street parking facilities, elimination of vehicular-pedestrian conflicts and the provision of pedestrian malls, arcades and public open space in appropriate locations.

B. Distribution of marketable new space by development sector within the Project is recommended as follows for the 1967-75 period:

| Development Sector | Retail and General Commercial (Square feet) | Office (Square feet) | Apartments (Units) |
|---|---|---|---|
| Upper Washington | 260,000 | 1,120,000 | -- |
| Ladder Blocks | 415,000 | 60,000 | 350 |
| Washington-Summer | 305,000 | 180,000 | -- |
| Church Green | 580,000 | 800,000 | -- |
| Hinge Area | 200,000 | 50,000 | 500 |
| Park Square | 90,000 | -- | 750 |
| Total | 1,850,000 | 2,210,000 | 1,600 |

C. Retail Space Demand

1. Approximately 1,370,000 square feet of new shoppers goods space is recommended to meet new growth and relocation requirements. The proposed space is divided as follows:

| | |
|---|---|
| General Merchandise | 850,000 square feet |
| Apparel | 375,000 square feet |
| Furniture and Home Furnishings | 35,000 square feet |
| Miscellaneous Shoppers Goods Outlets | 110,000 square feet |
| Total | 1,370,000 square feet |

2. Downtown retail sales are expected to increase to $425 million (in 1963 dollars) by 1975 from 1963's $401.2 million, an expansion of almost $24 million or six percent over the 12 year period. A major portion of this growth is expected to be in general merchandise sales.

3. Downtown in 1975 would be expected to retain 11.5 percent of Metropolitan Boston sales as compared with 13.7 percent in 1963 and 15.9 percent in 1958.

4. Expansion of downtown sales would be based on results of vigorous efforts to modernize and reconstruct downtown, including major overhaul and retail reconstruction at the core. An increase in the size of the downtown office work force and apartment complex also would generate additional sales potentials.

D. General commercial space demand

1. An estimated 480,000 square feet of general commercial space (eating and drinking, entertainment and personal or business services) is proposed to replace the more than 736,000 square feet scheduled for displacement. The expected emphasis is as follows:

| | |
|---|---|
| Eating and Drinking | 330,000 square feet |
| Entertainment | 50,000 square feet |
| Other Services | 100, 000 square feet |
| Total | 480,000 square feet |

2. Downtown sales in eating and drinking places are projected to expand by $7,800,000 by 1975, with the proposed 330,000 square feet of new space a combination of new growth (130,000 square feet) and relocation (200,000 square feet).

3. A total of 200,000 square feet of general commercial space is recommended for the Hinge Blocks located in the heart of the entertainment district. This space should be made up of approximately 100,000 square feet in eating and drinking places, and a blend of movie theatres and other cultural, entertainment and recreation facilities, as well as convenience retail shops and other personal and business services. These facilities would

be grouped around an open mall in a high density, vertical type of development.

4. Other eating and drinking outlets and miscellaneous general commercial uses should be located within and adjacent to retail and office concentrations to meet the convenience needs of employees, shoppers and visitors.

E. Private office space demand.

1. A total of 2,210,000 square feet of private office space is proposed for Project sites. An estimated 5,130,000 square feet of private office space is expected to be added by 1975 in Downtown Boston, including 1,050,000 square feet in two of the Project disposition parcels being developed privately.

2. Total Downtown private office space demand is estimated at 6,290,000 square feet. New growth demand is estimated to be 3,900,000 square feet and private and public relocation demand, 2,090,000 square feet, exclusive of normal vacancy allowances.

3. An additional 1,200,000 square feet of public or quasi-public space is also expected to be added in the Government Center and Telephone Company addition during the 1967-75 period.

4. Private downtown office space vacancies have declined to 6.9 percent in April 1966 from 10.9 percent in January 1964 in the face of the addition of an estimated 3,500,000 square feet since 1963, indicating the expanding demand for new downtown office space.

5. Downtown office-oriented employment is expected to exceed 180,000 employees by 1975 as compared with an estimated 152,000 workers in

1965, a work force gain of more than 28,000 persons or 19 percent.

F. Multi-family housing demand.

1. Project area apartment potentials of 1,600 units are indicated, based on an analysis of the metropolitan and central area markets. These apartments should be oriented to the middle-income market ($8,000-$11,000 income), filling the present gap between luxury and moderate-income offerings. An average of 270 units annually could be absorbed over six years with rents per room ranging between $35 and $45.

2. The close-in central area could be expected to absorb between 10 and 15 percent of the projected annual metropolitan multi-family market of 6,000 units. Thus, 3,600 to 5,400 units should be absorbed over a six year period in the central area, with an estimated 3,000 luxury units either currently under construction or planned. A residual balance of 1,600 units could be programmed for project sites over the six-year period.

3. The average annual absorption of 270 units in the Project could be achieved by attracting only 1/3 of 1 percent of the metropolitan turnover market and 15 percent of the annual new growth market.

4. Metropolitan multi-family housing authorizations were 6,852 units in 1963, 12,346 units in 1964, and 7,093 units in 1965. Apartment construction within Boston City has accounted for almost one-half of metropolitan apartment authorizations since 1960, indicating an expanding demand and preference for apartments near the city center.

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# Section I. Downtown Project Background

BOSTON CENTRAL AREA
Central Business District Project Boundary
Amended Boundary
Figure 1
Scale of Miles
0
½ Mile
CHARLESTOWN
BOSTON INNER HARBOR
Charles River
CHARLES RIVER BASIN
Museum of Science
Charles River Dam
Lechmere Canal
COMMERCIAL
CAMBRIDGE PARKWAY
CAMBRIDGE ST.
OBRIEN HWY
Prison Point
R.R. Bridges
Charlestown Bridge
NASHUA
CHARLES ST.
CHARLESBANK PARK
Pool
West End Redevelopment Project
Mass. Gen. Hospital
BLOSSOM ST
Boston Garden North Station
CAUSEWAY
CANAL
FRIEND
PORTLAND
MERRIMAC ST
N. WASHINGTON
SNOWHILL
STANFORD ST
NEW CHARDON
Government Center Under Const
CONGRESS
JOHN F. FITZGERALD EXPRESSWAY
CLINTON ST
N. MARKET
MARKET ST
STATE
ATLANTIC
Commercial Wharf
T Wharf
Long Wharf
Central Wharf
India Wharf
Rowes Wharf
Lewis Wharf
Sargents Wharf
Union Wharf
Lincoln Wharf
Battery Wharf
Constitution Wharf
Callahan Tunnel (Toll)
Sumner Tunnel (Toll)
North End
Longfellow Bridge
MAIN ST
MEMORIAL DRIVE
Technology
Boat Haven
Hatch Memorial Shell
REVERE ST
PINCKNEY ST
MT. VERNON ST
CHESTNUT ST
BEACON ST
HANCOCK ST
DERNE ST
State House
SOMERSET ST
Court House
City Hall
PO ST
TREMONT ST
BOSTON COMMON
PUBLIC GARDEN
Lagoon
JAMES J. STORROW MEMORIAL DRIVE
ARLINGTON ST
BEACON
MARLBOROUGH ST
COMMONWEALTH AV
BERKELEY ST
DARTMOUTH ST
FAIRFIELD ST
FLETCHER
HEREFORD ST
GLOUCESTER ST
MASSACHUSETTS AV
BACK BAY
NEWBURY ST
BOYLSTON ST
CLARENDON ST
JAMES
STUART ST
Public Library
Copley Sq.
MASSACHUSETTS TURNPIKE
Prudential Center
Back Bay Station
Arlington Sq.
SOUTH COVE
New England Medical Center
HARRISON AV
BROADWAY
DOVER ST
OAK ST
JOHN F.
WATER FRONT
MILK ST
WASHINGTON
WINTER ST
TEMPLE PL
FRANKLIN
FEDERAL
SUMMER
WEST ST
BEDFORD
ESSEX
KINGSTON
LINCOLN ST
SOUTH
Park
ELIOT ST
Northern Av Bridge
Channel
Summer St Bridge
South Station
DORCHESTER
Fort Point
SUMMER ST
SOUTH BOSTON

Section I

## DOWNTOWN PROJECT BACKGROUND

Since 1960, with the establishment of the Boston Development Program, the city has begun to reverse its past patterns of decline as characterized by economic stagnation, obsolescent public facilities, inadequate transportation system, deteriorating housing and extensive commercial and industrial blight. A significant rebuilding and revitalization effort is currently taking place throughout Boston, particularly in the Central Area in and around the Central Business District Project.

The Central Business District Project is bounded generally by State Street on the north, Congress Street on the northeast, the John Fitzgerald Expressway to the southeast, Stuart Street on the south, Park Square, the Boston Common and Fremont Street on the west. Part of the Downtown GNRP area, the South Cove and South Station areas framing the project on the south and southeast are excluded from this analysis. However, the project boundaries were amended to include the South Station area as outlined, over which the Bostan Redevelopment Authority has responsibility. Complete and development market studies for these projects have been prepared separately. Likewise, the Back Bay area adjacent to Downtown Boston, is not included. In addition, the Government Center, West End and Waterfront areas frame the CBD Project on the west and north. (See Figure 1 for further clarification.)

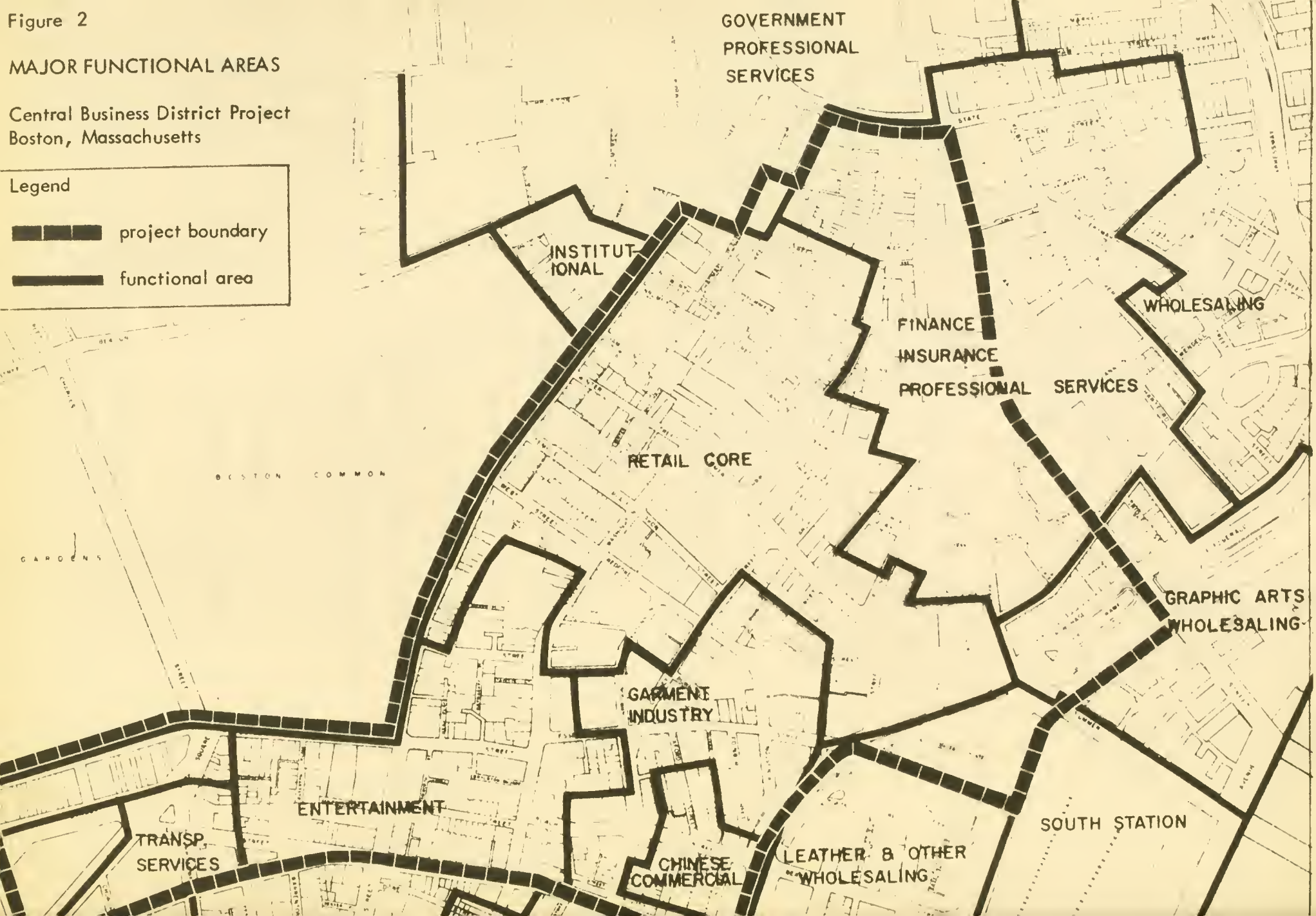
The Project contains the entire central retail core and all or a major portion of the existing finance, insurance and professional services concentration; entertainment grouping; garment industry; Chinese commercial area; and transportation services. Small portions of the leather and graphic arts wholesaling districts are also within the project boundaries. (See Figure 2).

This renaissance is evident throughout the Central Area -- from the massive rebuilding of the decaying Scolley Square area with the $175 million Government Center complex; the proposed $100 million redevelopment of the Waterfront with apartments, aquarium, office buildings and other uses; West End redevelopment

Figure 2

MAJOR FUNCTIONAL AREAS

Central Business District Project
Boston, Massachusetts



with 2,400 apartment units; the $200 million Prudential Center complex in the Back Bay area; and the projected upgrading of the residential, institutional and entertainment area in South Cove.

These and other programs and plans have, in turn, stimulated and been paralleled by the construction, programming and planning of a variety of separate, private actions throughout the area. Included are the following within the Central Area: 40-story New England Merchants' National Bank Building; Massachusetts General Life Insurance Company building; Tremont-on-the-Common apartments; Raymond's proposed new department store; and plans for additions to or modernization of other department stores and retail outlets. Other office structures are also proposed and modernization is also taking place at an expanding rate, spurred by the confidence generated as a result of overall downtown revitalization.

## Improved Traffic Circulation

The improvement in Downtown Boston's circulation system is programmed in terms of specific actions including: street realignments and improvements; underground servicing areas for trucks; creation of attractive and convenient pedestrian circulation routes; modernization at stations and other improvements in rapid transit facilities; and provision of appropriately located short- and long-term parking facilities. This far reaching program is in various stages of planning or development at this time.

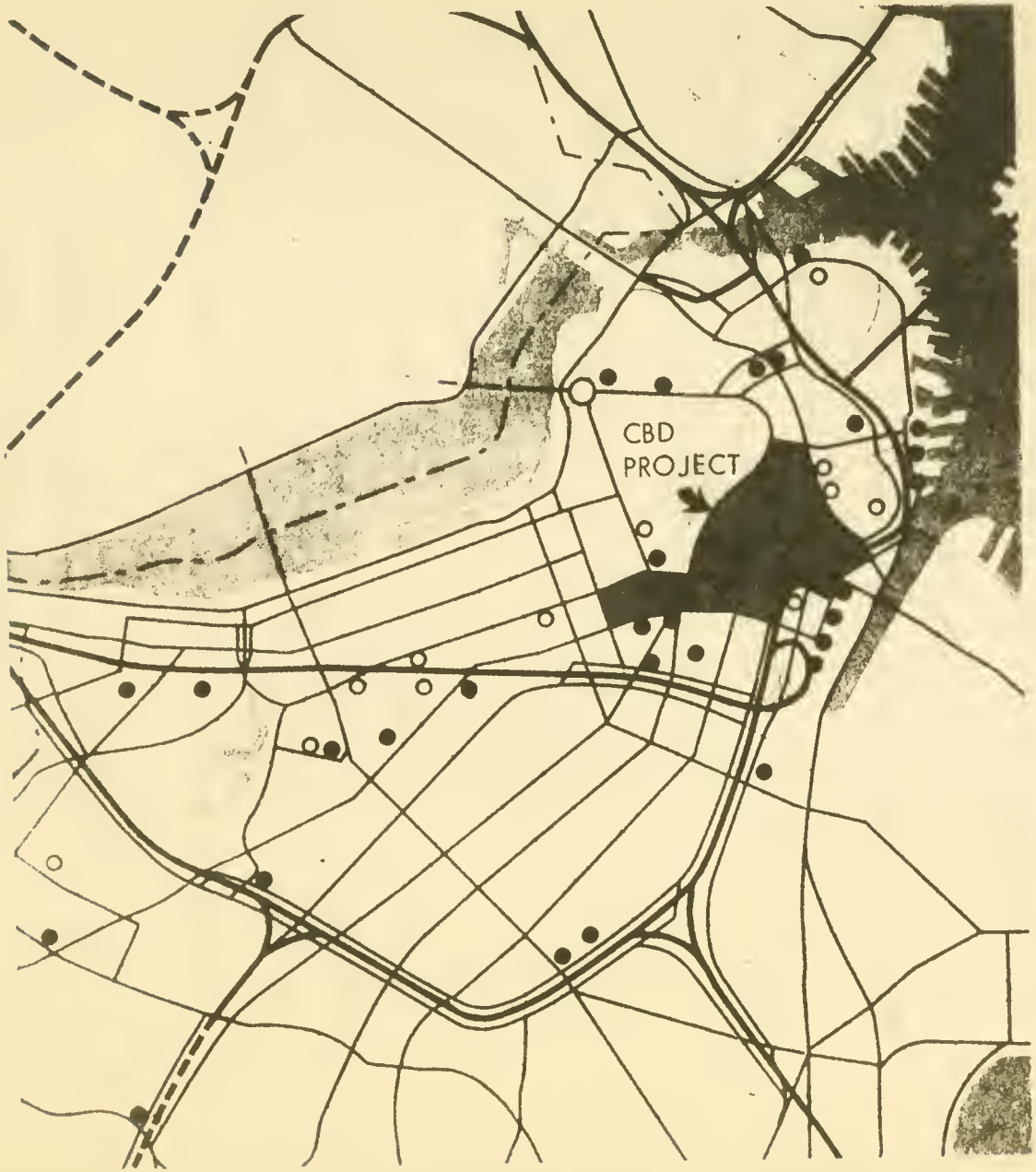
Downtown Boston has many narrow, winding streets and resulting traffic congestion. The elimination of "dog-leg" or off-set intersections along Washington Street, the realignment of School Street with Milk Street, other realignments of Franklin and Boylston streets, improved connections between Charles Street and a new Broadway in the Park Square area, some street closures and other improve-

ments are expected to eliminate causes for some of the worst downtown traffic problems. A better local street pattern now appears to be obtainable without destroying the desirable scale and character of downtown.

Pedestrian malls and arcades connecting shoppers with various downtown buildings without crossing streets or going outdoors are also planned as a part of the rebuilding and revitalization effort. Underground truck servicing facilities for the retail specialty shop area between Tremont and Washington as well as in other areas are being analyzed to remove conflicts with shoppers and improve pedestrian safety within downtown.

> Extremely important to the future of downtown is the modernization and increased efficiency of the local rapid transit service. Daily trips to the Regional Core (see Figure 3) have declined by one-half during the last 15 years and based on local studies, could be expected to decline by another 50 percent by 1975 if appropriate improvements are not made. The dingy and obsolete character of many of the transit stops has been advanced as one reason for the decline. Remodeling and modernization of the Government Center MBTA station has taken place, and plans are being made to modernize other stations including the Summer, Winter and Washington Street stations. Modernization, extension of service in the Region and other proposed programs are aimed at providing a 20 percent increase in patronage during peak hours and stabilization during off-peak hours, reversing the downward movement of transit use which is resulting in more auto congestion downtown.

Finally, the development of an additional 10,250 off-street parking spaces reportedly will be required by 1975 to permit the removal of much of the curb parking on existing narrow streets and meet the current and future unmet demands for both short- and long-term parking in the downtown area. All of these programs together should considerably improve circulation and make downtown more desirable, convenient, safe and attractive to the shopper, worker and visitor.




PLAN FOR REGIONAL CORE
ROADWAYS AND PARKING

Figure 3

LEGEND

Expressways
- Alignment Determined
- Alignment Undetermined or Not Proposed by Plan

Major Streets
- Major Arterial Alignment Not Proposed by Plan
- Minor Arterial
- Collector-Distributor

Parking Garages
- Existing
- Proposed

## Existing Strengths and Weaknesses

The project area -- basically downtown -- currently has a number of strengths and weaknesses which are closely linked to potential marketability of project land. These existing pluses and minuses will be reviewed briefly below before considering renewal objectives and re-use proposals.

Project advantages include location; accessibility by highway and rapid transit; the proximity, open space and recreation offered by the Boston Common and Public Garden; the complement of strong and well-merchandised department stores available; and the historic "flavor" of Downtown Boston. Although downtown has an off-center location on Massachusetts Bay, it is tied to the Boston Region by expressways and rapid transit and provides a complement of facilities, goods and services unmatched by any other location in that portion of New England.

Weaknesses include age of buildings and structural obsolescence, out-moded internal street pattern, lack of off-street parking, resulting traffic congestion, and the development of new competitive facilities in Back Bay and suburban locations which attract retail, office and other uses normally considered to be downtown's. With the continued normal growth and outward expansion of the Boston Region, downtown -- even when revitalized -- cannot continue to play the same role in the region as it did in past decades. However, a considerable number of facilities, programs and services can be offered which will keep downtown in its dominant position at the heart of the regions offering locations and conveniences not as effectively available anywhere else.

## Project Objectives

A wide range of benefits can be achieved through the central area renewal, related improvements and specifically the redevelopment of various disposition

parcels described in Table 1. Project renewal would accentuate existing downtown strengths while at the same time minimize or eliminate area weaknesses. The benefits of project operations would be as follows:

- Support and extend the confidence in Downtown investment by private sources by stabilization of tax base and comprehensive programming for public improvements including renewal.

- Strengthen and consolidate the downtown retail core through renovation of older outlets and development of new facilities in a more compact grouping with strong linkages, shopping and merchandising ties. Emphasis would be on the provision of a wide range of merchandise in all lines and price ranges in an upgraded setting.

- Upgrade and strengthen the entertainment district in the project by introducing a block of high quality entertainment, cultural and recreational facilities providing a new and more varied environment.

- Further expand and upgrade downtown office space offerings to maintain Boston's position as a regional office center and stimulate further growth of downtown employment.

- Provide attractive downtown housing having appropriate ties and vistas with public open space, entertainment areas and work places for those workers and others desiring close-in accommodations.

- Maintain and strengthen historic areas and structures through renewal planning.

- Improve traffic flow through appropriate local and regional street projects; provide adequate strategically-located, attractive short- and long-term parking facilities; develop improved truck-servicing areas in the retail core; and improve rapid transit stations and access.

- Eliminate vehicular-pedestrian conflicts and make downtown shopping more enjoyable through the provision of pedestrian malls, arcades and public open space in high density areas.

Disposition Parcels. Specific market support available for proposed renewal action is discussed in further detail in the next section. The proposed disposition parcels, ground area and planned re-use characteristics are shown in Table 1 and Figure 4 following.

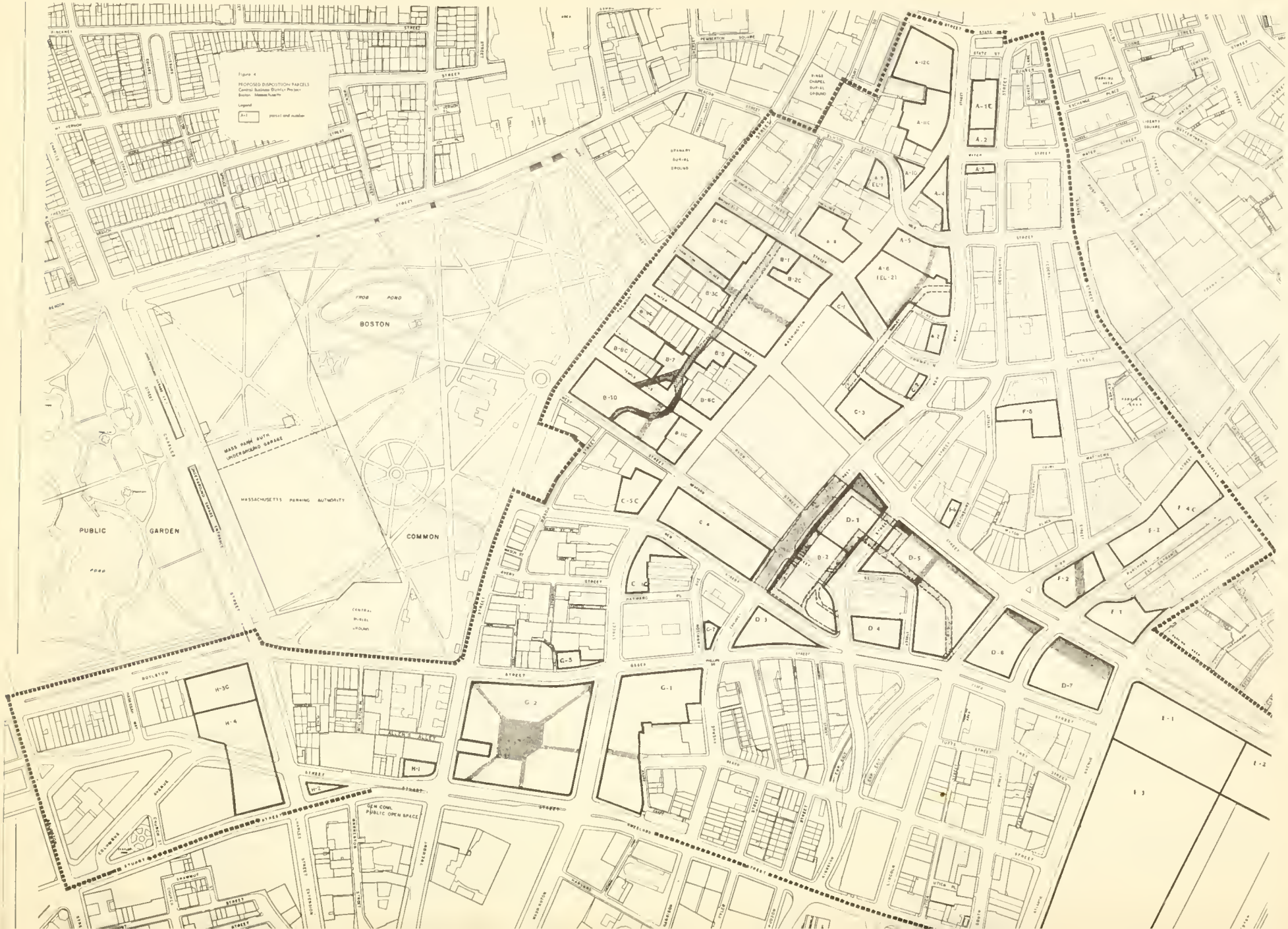


Figure 4
PROPOSED DISPOSITION PARCELS
Central Business District Project
Boston Massachusetts
Legend
A-1 parcel and number
BOSTON
FROG POND
PUBLIC GARDEN
COMMON
MASS PARK AUTH
UNDERGROUND GARAGE
MASSACHUSETTS PARKING AUTHORITY
CENTRAL BURIAL GROUND
KINGS CHAPEL BURIAL GROUND
GRANARY BURIAL GROUND
BOYLSTON STREET
TREMONT STREET
SCHOOL STREET
WASHINGTON STREET
STATE STREET
DEVONSHIRE STREET
FRANKLIN STREET
HANOVER STREET
CONGRESS STREET
SUMMER STREET
FEDERAL STREET
PEMBERTON SQUARE
BEACON STREET
CHARLES STREET
BOSTON COMMON
PUBLIC GARDEN
SEN COUL PUBLIC OPEN SPACE
A-1C
A-2
A-3
A-4
A-5
A-6 (EL-2)
A-10
A-11C
A-12C
B-1
B-2C
B-3C
B-4C
B-5
B-6C
B-7
B-8C
B-10
B-11C
C-1
C-2
C-3
C-4
C-5C
C-6C
C-7
D-1
D-2
D-3
D-4
D-5
D-6
D-7
E-1
E-2
E-3
E-4C
F-1
F-2
F-3
G-1
G-2
G-3
H-1
H-2
H-3C
H-4

Table 1. PARCEL DISTRIBUTION AND RE-USE CHARACTERISTICS - CENTRAL BUSINESS DISTRICT PROJECT, BOSTON

| Parcel Number | Parcel Area (Sq. Ft.) | Proposed Re-Uses: Retail and General Commercial | Office Space | Residential Units | Other |
|---|---|---|---|---|---|
| A-1c | 20,000 | 30,000 | 200,000-800,000 | | |
| A-2 | 6,000 | 9,000 | 60,000 | | |
| A-3 | | | | | Public Open Space |
| A-4 | | | | | Public Open Space |
| A-5 | 27,500 | 55,000 | 200,000-250,000 | | |
| A-6 | 58,000 | 120,000 | 20,000 | | Parking (900 cars) |
| A-7 | 6,000 | 9,000 | 20,000- 30,000 | | |
| A-8 | 25,500 | 51,000 | | | Parking (250 cars) |
| A-9 | 9,600 | 10,000 | 30,000- 50,000 | | |
| A-10 | | | | | Public Open Space |
| A-11c | 31,500 | 50,000 | | | Parking (600 cars) |
| A-12c | 37,500 | 40,000 | 500,000-600,000 | | |
| A Parcel Total | 221,600 | 324,000 [4] | 1,080,000-1,860,000 [4] | | |
| B-1 | 80,000 | 240,000 | | 150-200 Units | |
| B-2c | 21,700 | 80,000-100,000 [2] | | | |
| B-3c | 36,200 | 150,000-175,000 [2] | | | |
| B-4c | 45,900 | 160,000-200,000 [2] | | | |
| B-5 | 10,000 | 20,000 | | | |
| B-6c | 37,664 | 150,000-175,000 [2] | | | |
| B-7 | 12,000 | 24,000 | | | |
| B-8c | 12,626 | 50,000- 60,000 [2] | | | |
| B-9c | 23,472 | 100,000-120,000 [2] | | | |
| B-10 | 126,000 | 126,000 | | 150 Units | Parking ( 600 cars) |
| B-11c | 13,600 | 50,000- 60,000 [2] | | | |
| B Parcel Total | 228,000 [2] | 410,000 [2] | | 300-350 Units | |

Table 1. PARCEL DISTRIBUTION AND RE-USE CHARACTERISTICS (cont'd)

| Parcel Number | Parcel Area (Sq. Ft.) | Proposed Re-Uses: Retail and General Commercial | Office Space | Residential Units | Other |
|---|---|---|---|---|---|
| C-1 | 4,700 | 35,000 | | | |
| C-2 | | | | | Public Open Space |
| C-3 | 30,000 | 120,000 | 100,000-200,000 | | |
| C-4 | 59,000 | 150,000 | 60,000-100,000 | | Parking (900 cars) |
| C-5c | 18,500 | 30,000 | 50,000- 75,000 | | |
| C-6c | 19,000 | 30,000 | | | |
| C-7 | 4,400 | | | | Public Open Space |
| C Parcel Total | 135,600 | 365,000 | 210,000-375,000 | | |
| D-1 | 40,000 | 120,000 | 30,000- 50,000 | | |
| D-2 | 60,000 | 120,000 | 25,000- 50,000 | | Parking (700 cars) |
| D-3 | 23,000 | 35,000 | | | |
| D-4 | 18,500 | 25,000 | 60,000- 80,000 | | |
| D-5 | 104,000 | 310,000 | | | Parking (900 cars) |
| D-6 | 35,000 | 70,000 | | | |
| D-7 | 48,000 | 75,000 | 250,000-400,000 | | |
| D Parcel Total | 328,500 | 605,000 [4/] | 505,000-730,000 [4/] | | |
| F-1 | 27,000 | | | | Public Open Space |
| F-2 | 27,000 | 25,000 | | | |
| F-3 | 27,000 | 25,000 | 50,000- 75,000 | | Parking (450 cars) |
| F-4c | 29,000 | 25,000 | 150,000-175,000 | | |
| F-5 | 21,300 | | | | Public Open Space |
| F-6 | 3,800 | | | | Public Open Space |
| F Parcel Total | 135,100 | 25,000 [4/] | 250,000-300,000 [4/] | | |

Table 1. PARCEL DISTRIBUTION AND RE-USE CHARACTERISTICS (cont'd)

| Parcel Number | Parcel Area (Sq. Ft.) | Proposed Re-Uses: Retail and General Commercial | Office Space | Residential Units | Other |
|---|---|---|---|---|---|
| G-1 | 102,000 | 100,000 | 50,000-100,000 | | Parking (900 cars) |
| G-2 | 167,000 | 100,000 | | 500 Units | |
| G-3 | 8,000 | | | | Public Open Space |
| G Parcel Total | 277,000 | 200,000 | 50,000-100,000 | 500 Units | |
| H-1 | 7,800 | | | | Public Open Space |
| H-2 | 5,700 | | | | Public Open Space |
| H-3c | 34,000 | 35,000 | | 500 Units | |
| H-4 | 77,000 | 75,000 | | 250-350 Units | |
| H Parcel Total | 124,500 | 110,000 | | 750-850 Units | |
| Project Total | 1,450,300 | 2,039,000 1/ 2/ 4/ | 2,105,000-3,365,000 | 1,550-1,700 Units | Parking (6,200 cars) 3/ |

Notes: 1. South Station parcels have been analyzed separately in an earlier report.
2. General commercial uses include restaurants, theaters, night clubs and other recreation and entertainment, personal services and business services (excluding offices).

1/ Distribution of total floor space is as follows:
Retail commercial 1,505,000 sq. ft.
General commercial 534,000 sq. ft.

2/ Those limited conditional proposals in the Ladder Blocks which probably will only be rehabilitated are not included in re-use proposal totals for retail and general commercial

3/ Does not include 5,000 car parking in South Station

4/ Some 250,000 sq. ft. of general commercial space was shifted to office re-use because it involved banks and other types of financial space which we consider to be office-oriented. Involved are 50,000 square feet in "A" parcels, 150,000 square feet

As can be seen in Table 1, redevelopment of the proposed parcels will be an ambitious undertaking. The 33-plus acres of land involved are proposed for occupancy by over 2.0 million square feet of commercial space; 2.1 to 3.3 million square feet of office space; 1,550-1,700 apartment units; parking facilities for 6,200 cars, 11 public open space areas and underground servicing.

At the same time, the following amounts of building space would be acquired for demolition on these parcels:

| | Gross Square Feet |
|---|---|
| Retail Commercial | 1,901,670 |
| General Commercial | 736,100 |
| Office | 943,290 |
| Wholesaling & Manufacturing | 1,096,315 |
| Hotels | 272,620 |
| Other Miscellaneous | 105,090 |
| Vacant Space | 805,960 |
| Total | 5,861,045 |

In overall terms, a total of 5,861,000 square feet -- including other wholesaling, manufacturing, hotel, parking and vacant space -- would be acquired with proposals for replacement by possibly over 7,000,000 square feet of new space. More precisely, the roughly 4.5 million square feet of existing retail and general commercial, office and selected miscellaneous and vacant space to be acquired for demolition would be replaced by 4.1-5.3 million square feet of similar space.

The status of "conditional" parcels with a "c" following the number (A-1c for example) should be mentioned briefly because there are two types of conditional parcels involved. All conditional parcels except those in the Ladder Blocks are considered to be "firm" in terms of their development by private interests without acquisition by BRA provided that specified renewal plan conditions are met. As a result, the marketability of all these "firm" conditional parcels will be tested.

The conditional parcels in the Ladder Blocks involve uses which are expected to remain as is as long as truck servicing connections and other special conditions are met by their owners. We have assumed that these conditions will be met and the present uses and their structures will remain with no demolition needed. On this basis, the marketability of the space shown for these parcels does not need testing and they have not been involved in the marketability process.

Against this background, the analysis of basic market factors and the trends and outlook for revitalization of the project area is set forth in subsequent sections of the report.

## Section II. Basic Market Factors: Trends and Outlook

Section II

## BASIC MARKET FACTORS: TRENDS AND OUTLOOK

The Metropolitan Boston growth outlook is strong for the 1966-75 period. Population and income levels are expected to continue to expand during the next few years. The construction of connecting highways, new public buildings, additional parking facilities, rapid transit improvements, and overall central city renewal programs will have even more important ramifications for downtown revitalization. With these improvements, expanded opportunities for new downtown investment through redevelopment, rehabilitation and private initiative can definitely be expected to be stimulated.

A key indicator of metropolitan growth is population change. An estimated 98,000 persons were added to the area between 1960 and January 1965 based on Metropolitan Area Planning Council and adjusted State Census estimates. Recent trends and future anticipations for Metropolitan Boston population through 1975 are as follows:

| Year and Change | Metropolitan Boston Population | Annual Percentage Change |
|---|---|---|
| 1950 | 2,410,572 | |
| Change 1950-60 | 178,729 | 0.7% |
| 1960 | 2,589,301 | |
| Change 1960-65 | 97,699 | 0.7% |
| 1965 | 2,687,000 | |
| Change 1965-75 | 338,000 | 1.2% |
| 1975 | 3,025,000 | |

Although the Boston City population declined to an estimated 617,000 in 1965, an increase to 685,000 persons is expected by 1975 by BRA as a result of revitalization programs in the city and the addition of housing units in the downtown as well as elsewhere.

With median family income estimated at $7,985 in 1965, Metropolitan Boston is expected to achieve a median family income of approximately $10,000 (in 1965 dollars) by 1975. Thus, expenditures for retail goods and services, entertainment and similar items -- both downtown and elsewhere -- can be expected to continue to gain based not only on increasing population but also growing disposable income levels. Downtown's capacity to hold its own in the face of suburban competition and in the light of the expanding area base will be determined by the facilities and programs provided and the success of its renewal efforts. Fundamental in the renewal operations -- and in our calculations as to downtown marketability -- are the project objectives and improvements listed in the previous section.

The specific factors affecting the potentials for new space in the downtown for retail and general commercial, offices and apartments are analyzed in the pages below.

## A. Retail and General Commercial Development

In recent years, downtown retail sales in many major metropolitan areas have held at relatively stationary levels or actually declined with overall area growth and decentralization of retailing into outlying and suburban shopping centers or free-standing locations "anchored" by branch department stores and discount houses. Patterns in Boston have reflected national experience, even with its extraordinary and dominant group of downtown department stores. Similar decentralization

trends have characterized entertainment, commercial recreation, personal and business services and other general commercial outlets.

To the extent that downtown areas and their merchants have not kept the area's physical plant and merchandising practices up-to-date to effectively compete with developing suburban centers, they have actually encouraged decentralization and sales drops. Problems involving shopper convenience, accessibility, parking, structural obsolescence and physical blight have become serious and extensive. These factors -- targets in the renewal program -- have caused unnecessary downtown sales declines in our judgment. With the correction of these problems past patterns can be revised and meaningful sales increases realized. These gains can be achieved even though downtown's percentage of metropolitan sales and its retail dominance declines further in the future.

> Based on the overall area renewal program projected for the city, our findings are that downtown sales should expand to $425,000,000 by 1975 (in constant 1963 dollars) as compared with $401,200,000 in 1963. These projected gains will require and support 1,370,000 gross square feet of new retail space to replace existing areas to be demolished as well as new growth. In addition, another 480,000 square feet of general commercial space would be appropriate by 1975 to handle replacement and new growth potentials.

Retail Sales Patterns

Retail sales in Metropolitan Boston (all of Suffolk County and parts of Essex, Middlesex, Norfolk and Plymouth counties have been sharply up in recent years. The area showed a gain of $532 million, or 16 percent between 1958 and 1963, expanding from $3.44 billion to almost $4.0 billion during the period in terms of current dollars. The suburban areas outside the City of Boston accounted in full measure for the areawide growth in sales, increasing by $633 million as city -- and Downtown -- sales actually declined by almost $101 million.

The retail trends in the city and for the Downtown area during this recent period are more favorable when viewed in terms of current dollars. Looking at the downtown, sales levels actually increased in absolute terms by about one-half million dollars. This record stands in sharp contrast to the drop of more than $16 million, about four percent, for the earlier 1954-58 period for which comprehensive data are also available.

The downtown trends are shown in Table 2, following, for 1954-1958 and 1963. Within the overall total, an important gain in the key department store group of about $4,000,000 was realized, while apparel dropped by an approximately equal amount and furniture also declined slightly.

Table 2. RETAIL SALES TRENDS, BOSTON CENTRAL BUSINESS DISTRICT, 1954-1958-1963 (Current Dollars)

| | Sales ($000) | | | Changes 1958-63 | |
|---|---|---|---|---|---|
| | 1954 | 1958 | 1963 | Amount ($000) | Percent |
| Shoppers Goods Outlet | | | | | |
| General Merchandise | $211,948 | $201,702 | $205,436 | $ 3,734 | 1.9% |
| Apparel | 63,915 | 57,593 | 53,141 | -4,452 | - 7.7% |
| Furniture, Home Furn. Eqpt. | 27,267 | 20,768 | 19,879 | - 889 | - 4.3% |
| Other Shoppers Goods Outlets: | | | | | |
| Jewelry | 15,394 | 14,958 | 13,429 | -1,529 | -10.2% |
| Books, Stationery | 6,510 | 7,198 | 6,875 | - 323 | - 4.5% |
| Sporting Goods | 511 | 584 | 1,308 | 724 | 124.0% |
| Cameras | 1,836 | 2,772 | 2,273 | - 499 | -18.0% |
| Hardware | 2,480 | 2,130 | 2,448 | 318 | 14.9% |
| Other | 15,182 | 17,482 | 13,193 | -4,289 | -24.5% |
| Sub-Total | $ 41,913 | $ 45,124 | $ 39,526 | $-5,598 | -12.4% |
| Total Shoppers Goods | $345,043 | $325,187 | $317,982 | $-7,205 | - 2.2% |
| Convenience Goods Outlets | | | | | |
| Food | $ 13,310 | $ 12,836 | $ 14,600 | $ 1,764 | 13.7% |
| Drugs | 4,437 | 4,958 | 5,235 | 277 | 5.6% |
| Eating & Drinking | 46,118 | 49,183 | 54,199 | 5,016 | 10.2% |
| Liquor | 7,055 | 7,941 | 8,685 | 744 | 9.4% |
| Florist | 592 | 633 | 531 | - 102 | -16.1% |
| Total Convenience Goods | $ 71,512 | $ 75,551 | $ 83,250 | $ 7,699 | 10.2% |
| Grand Total | $416,555 | $400,738 | $401,232 | $ 494 | 0.1% |

Note: Table excludes automotive dealers, gas stations and lumber sales.

These stable to upward buoyant trends to 1963 for department stores in downtown Boston appear to have continued up to the present date. Review of Federal Reserve Bank data indexing downtown department store sales shows that 1964 and 1965 sales were up more than five and about nine percent respectively from 1963 levels. Although complete 1966 data are not yet finally in, it appears that the 1965 record was at least maintained.

As in the case of the Boston downtown, the city retail picture has been relatively stationary in absolute terms recently. In current dollars, Boston overall retail sales were $1,340,491,000 in 1958, declining to $1,239,952,000 in 1963. The 1958 figure, in turn, was up about $80 million from the 1954 record. General merchandise sales registered a strong gain, reaching $254,180,000 in 1963 for the city, an increase of about $12 million over the 1958 figure.

> Although the sales trend data for the downtown area in current dollars are significant, for purposes of this analysis of space requirements and potentials, a complete dollar basis is the more suitable. Accordingly, downtown Boston retail sales dropped between 1958 and 1963 in constant 1963 dollars when 1958 sales were adjusted to 1963 levels to reflect cost-of-living increases. A decline of some $34 million or almost eight percent in retail sales was registered during the 1958-63 period.
>
> All of this loss in sales was concentrated in shoppers goods stores. Convenience goods stores actually increased sales by more than $1 million during the period as shown below. Growth as an entertainment center could account for the increase in eating and drinking expenditures and the expansion of Central Area housing could have stimulated the growth of sales in food stores.

Table 3. RETAIL SALES TRENDS
BOSTON CENTRAL BUSINESS DISTRICT, 1958-63
(1963 Constant Dollars)

| | Sales ($000) | | Change, 1958-63 | |
|---|---|---|---|---|
| | 1958 Adjusted | 1963 Actual | Amount ($000) | Percent |
| Shoppers Goods Outlets | | | | |
| General Merchandise | $219,250 | $205,436 | -$13,814 | - 6.3% |
| Apparel | 62,603 | 53,141 | -$ 9,462 | -15.1% |
| Furniture, Home Furn., Equipment | $ 22,575 | $ 19,879 | -$ 2,696 | -11.9% |
| Other Shoppers Goods Outlets: | | | | |
| Jewelry | $ 16,279 | $ 13,429 | -$ 2,850 | -17.5% |
| Books, Stationery | 7,828 | 6,875 | - 953 | -12.2% |
| Sporting Goods | 635 | 1,308 | 673 | 106.0% |
| Camera | 2,959 | 2,273 | - 686 | -23.2% |
| Hardware | 2,315 | 2,448 | 133 | 5.7% |
| Other | 19,033 | 13,193 | - 5,840 | -30.7% |
| Sub-total | $ 49,049 | $ 39,526 | -$ 9,523 | -19.4% |
| Total Shoppers Goods | $353,477 | $317,982 | -$35,495 | -10.0% |
| Convenience Goods Outlets | | | | |
| Food | $ 13,953 | $ 14,600 | $ 647 | 4.6% |
| Drugs | 5,389 | 5,235 | - 154 | - 2.9% |
| Eating and Drinking | 53,462 | 54,199 | 737 | 1.4% |
| Liquor | 8,632 | 8,685 | 53 | 0.6% |
| Florist | 688 | 531 | - 157 | -22.9% |
| Total Convenience Goods | $ 82,124 | $ 83,250 | $ 1,126 | 1.4% |
| GRAND TOTAL | $435,601 | $401,232 | -$34,369 | - 7.9% |

Note: Excludes automotive dealers, gas stations and lumber sales.

Table 4 following compares retail sales distribution changes during the 1954-58-63 period for downtown and the remainder of the metropolitan area. As shown, there were

significant declines in all store types as downtown's share dropped from less than one fifth of metropolitan sales to about one-seventh. Even the remainder of Boston City's share declined as the metropolitan portions outside Boston approached two-thirds of the area sales in 1963.

Table 4. RETAIL SALES DISTRIBUTION BY STORE TYPES, METROPOLITAN BOSTON AND KEY SUBAREAS, 1954-58-63

| "Shares" by Key Subarea & Store Types | Percent of Metropolitan Sales 1954 | 1958 | 1963 |
|---|---|---|---|
| A. Downtown | | | |
| 1. General Merchandise Stores | 58.8% | 47.7% | 36.4% |
| Department Stores | 69.7 | 60.2 | 42.3 |
| 2. Apparel | 28.5 | 22.7 | 19.9 |
| 3. Furniture | 21.2 | 14.0 | 11.7 |
| 4. Food Stores | 2.5 | 1.5 | 1.5 |
| 5. Drug | 4.7 | 4.4 | 3.9 |
| 6. Hardware | 6.8 | 6.2 | 6.5 |
| 7. Other Retail | 15.7 | 12.4 | 10.0 |
| 8. Eating and Drinking | 18.7 | 16.3 | 15.7 |
| Downtown Share | 19.6% | 15.9% | 13.7% |
| B. Rest of Boston | | | |
| 1. General Merchandise Stores | 8.9% | 9.7% | 8.7% |
| Department Stores | 1/ | 2/ | 6.7 |
| 2. Apparel | 23.6 | 25.2 | 20.5 |
| 3. Furniture | 23.6 | 31.0 | 22.6 |
| 4. Food Stores | 39.2 | 28.1 | 23.4 |
| 5. Drugs | 33.3 | 30.1 | 25.3 |
| 6. Hardware | 18.5 | 19.3 | 17.7 |
| 7. Other Retail | 29.9 | 29.4 | 27.3 |
| 8. Eating and Drinking | 32.4 | 33.4 | 27.4 |
| Remainder of City Share | 26.8% | 25.8% | 21.3% |
| C. Metropolitan Area Outside City | | | |
| 1. General Merchandise Stores | 32.3% | 42.6% | 54.9% |
| Department Stores | 1/ | 2/ | 51.0 |
| 2. Apparel | 47.9 | 52.1 | 59.6 |

| "Shares by Key Subarea & Store Types | Percent of Metropolitan Sales 1954 | 1958 | 1963 |
|---|---|---|---|
| C. Metropolitan Area Outside City (Cont.) | | | |
| 3. Furniture | 55.2% | 55.0% | 65.7% |
| 4. Food Stores | 58.3% | 70.4% | 75.1% |
| 5. Drugs | 62.0% | 65.5% | 70.8% |
| 6. Hardware | 78.5% | 74.5% | 75.8% |
| 7. Other Retail | 54.4% | 58.2% | 62.7% |
| 8. Eating and Drinking | 48.9% | 50.3% | 56.9% |
| Metropolitan Remainder Share | 53.6% | 58.3% | 65.0% |

1/ 30.3% for area outside downtown. No other breakdown

2/ 39.8% for area outside downtown. No other breakdown

A majority of retail sales take place in two groupings of stores -- shoppers goods stores and convenience goods outlets -- which will be emphasized in this study of commercial needs in Downtown Boston. Each type however, is defined below:

Shoppers Goods Stores. By far the most important to downtown growth, shoppers goods stores are primarily represented by the GAF lines -- general merchandise, apparel and furniture and appliances. Other specialty stores would also be included which need a strong regional market because of the periodic purchases involved in the sale of their goods. Included are jewelry, sporting goods, gift, book, camera, hardware and other miscellaneous stores. Shoppers goods stores represent downtown's real drawing power and are usually centrally located near the peak pedestrian flow in the heart of the retail core. Without these stores -- particularly the GAF lines -- downtown would cease to exist as the center of regional retailing. Thus, shoppers goods stores will receive the major emphasis in the report because they are the "anchors" of downtown retail activity.

Convenience Goods Stores. Such establishments as food, drugs, eating and drinking, liquor, florists and others are included in this category. Personal services (beouty and barber shops, newsstands, shoe repair and others) are also convenience outlets and will be considered separately. The convenience retailers primarily serve downtown employees, visitors, apartment dwellers, convention delegates and others who need their services while downtown. Eating and drinking, drugs and the personal services are the most utilized downtown, with their demand based primarily on the size of the downtown daytime and nighttime population.

To recap, shoppers goods establishments had sales losses of almost $35.5 million or ten percent during the period in constant dollars. General merchandise outlets (mainly department and variety stores) showed the greatest absolute decline of $13.8 million. Department store decreases totaled $10.6 million, and variety stores, $3.0 million. Apparel sales dropped 15 percent or almost $9.5 million, the losses mostly concentrated in women's apparel and shoe stores. Furniture sales declined by 12 percent or $2.7 million. Finally, miscellaneous shoppers goods outlet sales dropped $9.5 million with a $2.8 million loss in jewelry store receipts.

As summarized in Table 5 below, 60 percent of Metropolitan Boston's shoppers goods sales were made in outlets located outside both downtown and the city in 1963, an increase over the 51 percent share in 1958. The CBD's share declined from 28.1 to 23.5 percent during the same period.

Table 5. COMPARISON OF SHOPPERS GOODS SALES BY AREA
METROPOLITAN BOSTON, 1958-1963
(Constant 1963 Dollars)

| | Sales (000) | | Change, 1958-63 | |
|---|---|---|---|---|
| | 1958 | 1963 | Amount (000) | Percent |
| Central Business District | $ 353,477 | $ 317,982 | -$35,495 | -10.0% |
| Remainder of Boston City | 259,954 | 223,368 | - 36,586 | -14.1% |
| Metropolitan Area outside Boston | 642,321 | 811,071 | 168,750 | 26.3% |
| Metropolitan Total | $1,255,752 | $1,352,421 | $ 96,669 | 7.7% |

About the same trend occurred with GAF sales (general merchandise, apparel and furniture) during the same period. CBD sales in GAF stores dropped from 34 percent of the metropolitan total to less than 28 percent while metropolitan

sales outside Boston City increased to 58 percent in 1963 from less than 48 percent in 1958. Table 6 following summarizes this decline in GAF sales in Downtown Boston.

Table 6. COMPARISON OF GAF SALES BY AREA, METROPOLITAN BOSTON, 1958-1963
(Constant 1963 Dollars)

| | Sales (000) | | Change, 1958-63 | |
|---|---|---|---|---|
| | 1958 | 1963 | Amount (000) | Percent |
| Central Business District | $304,428 | $ 278,456 | -$ 25,972 | - 8.5% |
| Remainder of Boston City | 163,992 | 141,748 | - 22,244 | -13.6% |
| Metropolitan Area outside Boston | 428,224 | 580,440 | 152,216 | 13.6% |
| Total | $896,644 | $1,000,644 | $104,000 | 11.6% |

Although Downtown Boston sales have declined in the shoppers goods store types -- GAF and other shoppers goods outlets -- a leveling off of sales could be expected as the metropolitan area increased in size and downtown's dominance declined. Actual declines in shoppers goods sales should be reversed with renewal program policies offering the greatest opportunity for countering this trend. Planned new buildings, store additions and modernizations should do much to reverse this trend. In addition, the proposed relocation and concentration of key shoppers goods outlets within the retail core should aid sales expansion. An action program for retail core revitalization will be outlined later in this section.

## Retail Location Trends

Metropolitan area growth and past Downtown problems have produced a new, somewhat more decentralized pattern of retail locations. Three types of sales are of particular interest in this analysis: 1) outlying shopping centers,

districts and free-standing locations; 2) Back Bay area emphasizing luxury and style items; and 3) scattered sites elsewhere within the CBD and near new office building groupings. All of these trends have had an impact on the traditional concentration of shoppers goods outlets within the retail core.

Growth of all types and sizes of shopping centers responding to the needs of expanding population has been taking place in the 1950's and 1960's. Illustrating this trend are a number of centers. Shoppers World in Framingham began the development of large centers in 1951 with its more than one-half million square feet of commercial space anchored by Jordan Marsh and Sears. Since then, North Shore Shopping Center in Peabody at Routes 128 and 114 was developed, opening in 1958. Its more than one million square feet of commercial space is buttressed by the Jordan Marsh, Filene's and Sears department stores. Other large centers have also been opened including the new South Store Plaza in Braintree, New England center in Saugus in 1959 and the Charles River Arcade center in Dedham in 1965, both with over 400,000 square feet. Natick Mall, an enclosed air-conditioned mall shopping center with 650,000 square feet including Sears (300,000 square feet) and Filene's (110,000 square feet) also opened in early 1966 at Route 9 and Speen Street in Natick.

In addition, major shopping districts along Hancock Street in Quincy and along Union and adjoining streets in Lyon are examples of older districts generating sales of $49 million or more in 1963. These centers and districts serve

residential areas throughout Metropolitan Boston, stressing a strong complement of shoppers goods outlets anchored by large branch department stores of well known local and national chains, often with downtown main stores. This outlying representation is healthy, even necessary, if the downtown store is to continue to flourish. At the same time, these existing and future locations which recognize new patterns of purchasing power have changed the role of the "main" downtown stores in the market area. A considerable number of discount houses, both in the city's "gray" areas and in the suburbs, have also "pulled" a share of the growth in sales for the region.

The Back Bay area, along or adjacent to Boylston Street in the Copley Square area between the Prudential Center and downtown, is continuing to develop as a strong retailing area with emphasis on quality apparel and specialty goods. Anchored by such stores as Bonwit Teller, Brooks Brothers and F.A.O. Schwarz, this area continues to attract additional quality women's and men's apparel, including Peck and Peck, Best and Company and a wide variety of other well known stores. Lord and Taylor is committed to a 150,000 square foot store, now under construction in the Prudential Center which will open in 1967. Saks Fifth Avenue also plans to build a 110,000 square foot store behind Lord and Taylor's, according to our information, and additional specialty shops are to be in this same grouping of some 40 retail and general commercial units.

Finally, there is also a trend toward development which carries with it some scatteration of retail apparel and specialty stores at the sites of new

downtown office buildings, serving employees and visitors to these groupings. The pattern is to provide retail and general commercial space serving these markets on the ground floor. It is occurring in an increasing degree in the financial and other office groupings in downtown as new buildings are added, new market created and employment concentration increases. This pattern has especially affected the smaller specialty shops in and near the "Ladder Blocks" and should be recognized and adapted to the renewal plan.

The implications of these background trends in retail sales and locations are analyzed in terms of renewal project site marketability in a subsequent section.

General Commercial Uses

The general commercial use category as defined for the purpose of this study includes the full range of commercial recreation and entertainment activities such as restaurants of all types; night clubs, cocktail lounges, supper clubs and other eating and drinking places; theaters of all types including motion picture and legitimate stage productions; other forms of recreation including billards, skating rinks and bowling alleys; and business and personal services.

Downtown Boston as a whole and the entertainment district in the CBD Project specifically provide a wide range of activities which need further strengthening to handle the existing and future potentials of five key markets which support these activities. These markets cover the convention-goer, the business traveler, the tourist, the college student, and the shopper attracted to Downtown Boston stores and events from Greater Boston and elsewhere in

the New England Region. All of these sizable markets are important to the downtown entertainment district.

1. Convention delegates. Boston has become a top convention center with the addition of the new War Memorial Auditorium. It has already scheduled 76 conventions for its 150,000 square feet of exhibit space and main hall seating 5,800 persons. The addition of 1,000 hotel rooms in the Prudential Center complex has also expanded the downtown area's potential to accommodate major conventions. In 1966, regular attendance totalled 228,000 persons at 289 conventions. Including trade shows and expositions, an estimated $35,000,000 is spent annually in Boston by this type of visitor. Based on current bookings, more than $103,000,000 in convention trade is already committed through 1975.

2. Business traveler. Seven key generators of business travel attract hundreds of thousands to the Boston area and in turn to the Downtown each year. These include: government activities; general business with emphasis on Boston's concentration of finance and insurance units; suppliers and buyers visiting the more than 5,700 area manufacturing plants; wholesale and retail marketing activities; educational and religious center functions; medical center activities; and professional services.

3. Pleasure Travelers. The Boston area is a national attraction for those interested in the history of Colonial and Revolutionary War periods. The Freedom Trail grouping Downtown includes such major tourist attractions as the Old South Meeting House, The Boston Massacre Site, Faneuil Hall, the Paul Revere House, Old North Church, Boston Tea Party wharf location and Bunker Hill Monument.

   The Downtown renewal plan proposes to tie key elements among Boston's historic sites together in an "Old Boston Center" complex. Buttressed by a proposed downtown visitor and tourist center, this would meaningfully strengthen the entertainment district's potential.

4. University students. As a major educational center, Boston has some 11,500 students enrolled in eleven area colleges and universities, as well as a large additional enrollment in

local trade, business and other specialized institutions. These students create a specialty market with a high propensity to utilize the entertainment facilities in the general commercial grouping.

5. Regional shoppers. The extensive group of patrons drawn from New England as well as outlying parts of the Boston region to shop in Boston's major stores, attend the highly popular professional baseball, basketball, football and hockey events as well as cultural events and other attractions provide strong additional markets for the entertainment district and its facilities.

All of the demand generators above offer specific potentials to increase downtown volumes in the next few years, carrying with them expanded opportunities in the entertainment district, particularly in eating, drinking and selected entertainment functions, as outlined below.

Selected Trends in Entertainment. Consistent with the national trend in many types of retail establishments including eating and drinking outlets, the actual number of restaurants and drinkingplaces declined between 1958 and 1963 in both Metropolitan Boston and the CBD. Of particular importance, however, is the fact that sales increased among these establishments indicating increased emphasis on larger and more complete facilities. Census of Business data show that metropolitan area sales totals in these categories increased from $302,324,000 to $345,501,000 during the five year period, a gain of more than $43,000,000 or 14 percent.

During the same period, CBD eating and drinking sales expanded by more than $5,000,000 and 10 percent, from $49,183,000 in 1958 to $54,199,000

in 1963. The number of eating and drinking establishments declined, as mentioned, from 432 to 382 during the period. A breakdown of CBD sales and outlets is shown below.

| | 1958 | | 1963 | |
|---|---|---|---|---|
| | Number | Sales (000) | Number | Sales (000) |
| Eating places | 313 | $39,456 | 292 | $44,908 |
| Drinking places | 119 | 9,727 | 90 | 9,291 |
| | 432 | $49,183 | 382 | $54,199 |

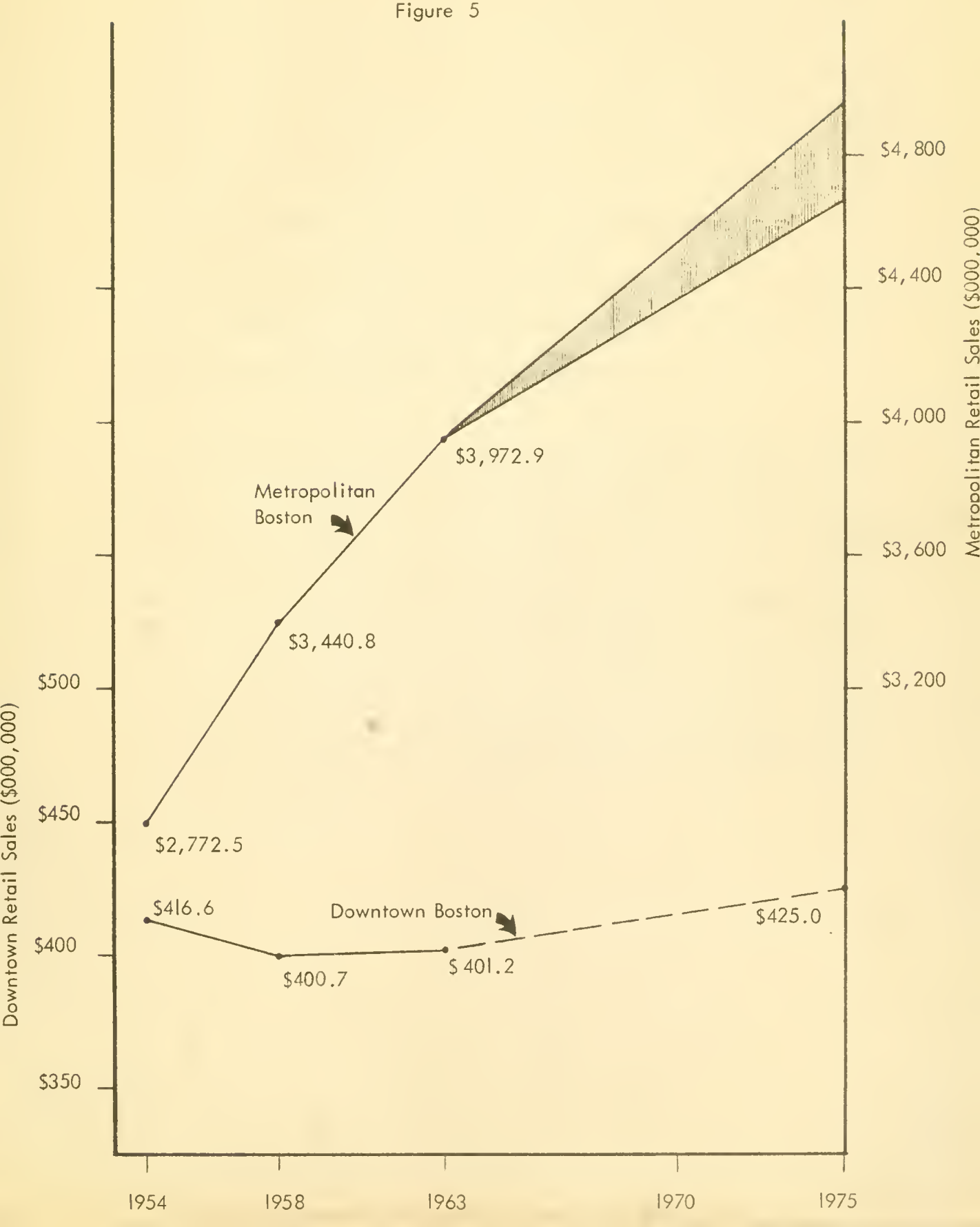
As shown, sales at eating places increased significantly (14 percent). Although the receipts in drinking places declined by four percent or $436,000, the sales per establishment increased during the period.

Many downtown areas in the U. S. suffered declines in the number of four-wall movie theaters and their receipts in the late 50's and early 60's. Downtown Boston receipts, however, increased slightly during the 1958-63 period from $6,559,000 to $6,642,000 as the number of outlets decreased by only one from 17 to 16. The rest of Boston City recorded a loss of $2,664,000 in movie sales during the same period, as well as a loss of 20 theaters. No comparable figures were available for the metropolitan area.

> The overall picture today is that the Downtown remains a strong entertainment center and that overall downtown renewal programs can support the indicated trends to create an even stronger entertainment district in the period ahead. Recommendations for new facilities will be covered later together with a discussion of relocation issues, relocation aspects and disposition analysis.

SALES TRENDS AND PROJECTIONS
BOSTON AREA
1954, 1958, 1963 AND 1975

Figure 5



## Projected Retail Sales

Downtown Boston retail sales are expected to increase to $425 million by 1975 from 1963's $401.2 million, an expansion of almost $24 million or six percent over the 12-year period. The 1975 sales figures are expressed in 1963 dollars. The projections reflect only moderate expansion, although the 1958-63 constant dollar sales decline is reversed and the drop in downtown's share of metropolitan sales is slowed. Downtown's estimated 1975 share of metropolitan retail sales under these projections would be 11.5 percent, as compared with 13.7 percent in 1963, 15.9 percent in 1958 and 19.6 percent in 1954. See Figure 5 for retail trends portrayed graphically.

The projected sales outlook is based on the results of the vigorous efforts that are proposed to modernize and reconstruct downtown, including major overhaul and retail reconstruction at the core. In addition, further expansion in the size of the downtown office work force and apartment markets in support of retailing functions are projected as will be seen below. Finally, transit upgrading, street improvements and expanded downtown attractions for visitors have been projected for the area, in order to better "key" the rapidly expanding regional markets.

Table 7. SALES PROJECTIONS, DOWNTOWN BOSTON, 1963-75
(In 1963 Dollars)

| | Retail Sales (Millions of Dollars) | | Change, 1963-75 | |
|---|---|---|---|---|
| Shoppers Goods | 1963 | 1975 | Amount | Percent |
| General Merchandise | $205.4 | $230.0 | $24.6 | 29.6% |
| Apparel | 53.1 | 50.0 | -3.1 | -5.8% |
| Furniture | 19.9 | 15.0 | -4.9 | -24.6% |
| GAF Goods | ($278.4) | ($295.0) | ($16.6) | (6.0%) |
| Other Shopper Goods | 39.6 | 40.0 | 0.4 | 1.0% |
| Total Shoppers Goods | $318.0 | $335.0 | $17.0 | 5.3% |
| Convenience Goods | | | | |
| Food | 14.6 | 15.0 | $0.4 | 2.7% |
| Drugs | 5.2 | 5.0 | -0.2 | -3.8% |
| Eating & Drinking | 54.2 | 62.0 | 7.8 | 14.4% |
| Misc. Convenience | 9.2 | 8.0 | -1.2 | -13.0% |
| Total Convenience Goods | $83.2 | $90.0 | $6.8 | 8.2% |
| Grand Total | $401.2 | $425.0 | $23.8 | 5.9% |

In the projections above, meaningful increases in sales are shown for general merchandise ond eating and drinking places, with either declines or minor increoses onticipated in other lines. This patternreflects recent trends in the Central Boston area as well as general merchandising experience elsewhere in similar situations. The programmed strengthening and growth in major retail units and a strong nucleus of new and relocated entertainment, eating and drinking units provide the functional keys to these sales expansions. These points are discussed in further detail later in this report.

## Retail Core Needs and Potentials

Although the project's retail core has lost some key apparel and other shoppers goods outlets in recent years -- particularly along Tremont Street and in the Ladder Block areas -- the compact grouping of major department stores near the Washington-Summer Street axis has preserved the heart of downtown retailing and kept the bulk of its volume intact. This strength and compactness is unusual among U. S. cities, even in strong growth markets. It is quite unlike the retail configuration in Pittsburgh, Philadelphia, Baltimore, or Washington -- all Eastern cities of roughly comparable size -- where department stores are typically spread out separated by several blocks from one another.

On the other hand, where key retail magnets are too narrowly concentrated, the opportunities for development of important satellite apparel and specialty shops between these anchors are diminished. In consequence, the real estate development and merchandising opportunities in the Downtown are constrained. Further, the pedestrian opportunities for exposure to comparison shopping and strong linkages between larger and smaller stores are also reduced in such situations. The arrangement of key functional sub-areas in Central Boston points up a need for strong visual and retailing "links" especially between the retail core and the office district so that employees and visitors to these areas will be attracted to the retail area for their lunch and after work purchases. Downtown retailing must effectively merchandise its key markets. Increasingly, Downtown Boston, along with many other metropolitan areas, can directly and

conveniently serve -- virtually without competition -- a middle- and lower-income central city population. Thus, its stores and merchandise lines must cater to this broad, substantial market by offering a complete array of goods for this group.

This does not mean however, that high fashion-oriented shops including those in Filene's and Jordan's should be ignored or cut back. These quality merchandise lines must also be serviced to provide in one location -- the Downtown -- the best single array of goods and services for all Metropolitan Boston income groups and household types. This pattern is already beginning in Downtown Boston, and the projected renewal effort will further improve the physical plant and area environment.

Specific steps recommended to achieve new strength at the core include the following:

1. Major Shoppers Goods Complement. A new grouping in the general merchandise, apparel and furniture field with a total of approximately 310,000 square feet is needed to extend downtown retailing operations. A location along Summer Street between Otis and Purchase Streets has been proposed. This would provide desirable linkages with South Station and the office district while permitting a concentration of smaller shops between the larger department store "anchors." A popular-price general merchandise unit with good local "image" and strong national merchandising posture is recommended as the optimum way of meeting this objective for downtown. Lines of merchandise which could complement and supplement that of other downtown stores with emphasis in the middle income ranges are specifically recommended.

2. Completion of Summer Street. The next step would involve "filling in" Summer Street between Washington and the new department store as well as the block along Chauncy Street behind Jordan Marsh with small apparel and specialty stores to provide comparison shopping and merchandise depth. A mixture of stores either relocating from other sites elsewhere in the CBD or expanding could provide the necessary complement. Close proximity to the major department store generating customer traffic peaks, office district employee shoppers, South Station, Massachusetts Turnpike and Central artery proximity together with adequate shopper parking should make these highly desirable locations.

3. Strengthening of "Mix" of Ladder Blocks Stores. At the same time, the crucial Ladder Blocks needs a transfusion of new, modernized or rebuilt retail space. Since this area already contains Gilchrist's, Conrad and Chandler, and several other key project-area retail outlets, much should and can be done to underpin the down trends of this once-strong retail sector. As planned, a stimulating mixture of retail, office, parking and residential uses is proposed within a pedestrian mall and arcade concept. Again, key relocated and new shops mixed with existing units should provide ample and entreprenerial resources for this area.

4. Existing Department Store Modernization and/or Reconstruction. The program for construction of a new Raymond's store -- involving a temporary shift to the old City Mart site -- is already underway. In addition, programs of continued modernization, reconstruction and additions to Filene's and Jordan's, including the replacement of the Bristol Building are anticipated. These steps along with other improvements to key primary and secondary outlets would represent major steps in providing downtown shoppers with modern, attractive, efficient and well-merchandised facilities in a revitalized retail environment.

5. Improvement of Pedestrian Circulation and Off-Street Parking and new truck servicing areas would complete basic elements in the retail core revitalization, unifying a balanced array of commercial outlets in an attractive and convenient grouping.

Note on Major Retail Units.

The balanced blend of downtown department stores and merchandise has been important to continued strength in the retail core area. Jordan Marsh's "big store" approach of "a lot of everything in all price brackets" has effectively combined with Filene's specialty store emphasis featuring a widely-known and successful basement store operation with fashion goods emphasis on upper floors. Added to these two outlets are Gilchrist's orientation to large families and older people and Raymond's budget merchandising emphasis through leased departments.

Raymond's is expected to keep its current "image" in merchandise lines under its new owners and in its new store, but housed in a more attractive, new building. Filene's, through added and reconstructed space, can be expected to continue stressing its basement store operation and fashion upper floor emphasis in the face of increased competition from the Back Bay quality grouping adding Lord & Taylor and Saks Fifth Avenue. Jordan Marsh is expected to continue its current policy of complete coverage of all goods in all price ranges with some new space replacing existing quarters.

The proposed new popular-priced general merchandise unit should emphasize merchandise broadly oriented to middle and lower-income groups although selected coverage in higher priced lines of softwear and household goods should also be offered. This type of presentation should attract more shoppers to a downtown offering the widest possible array of goods in the region.

In addition, the proposed Summer Street general merchandise store would permit a grouping of apparel, accessory and specialty outlets between its "anchors" and offer direct access to the comparison shoppers drawn to the larger stores. This would fill a "void" for the smaller store which, in the past, has been located on the fringe of the compact grouping of major department stores and not in between, as is optimally desirable. This fact,

plus expanded off-street parking, should strengthen the overall complement of smaller and larger stores and broaden the resulting variety of comparison shopping which downtown must offer to maintain its retailing position and hold its own with competitive outlying operations. Also, the new quality apartments to be added and an expanding office population more closely tied to the retail core should further aid the future retail complement.

## B. Project Office Space Potentials

Future office potentials for the CBD Project have been estimated against the background of office market activity in the vicinity of the Project including Government Center, Waterfront and Back Bay areas elsewhere in the Central Area as well as in Metropolitan Boston. Limited new construction has taken place within the project area in recent years although extensive office building modernization programs are now underway, particularly in areas adjacent to the new construction in Government Center and the Financial District portions of the Waterfront. There are however, as discussed further below, substantial plans for new office space in several portions of the project and renewal plan proposals for other space on a number of key project parcels.

### Vacancy and Utilization Trends

Information available through the local Building Owners and Managers Association (BOMA) group now provides data on vacancy and utilization characteristics for 137 private office buildings holding 12,535,000 square feet of rentable space, a substantial proportion of the space avail-

able in the Downtown and Back Bay areas. The April 1966 survey indicated that the Central Area vacancy rate dropped to 6.9 percent from the 8.4 percent level in October 1965, and from 10.9 percent for January 1964. This steady reduction in vacancy ratio is significant since it includes several large new structures entering the market for the first time, such as One Center Plaza and the State Street Bank Building as well as the Government Center publicly -owned and occupied buildings.

Even more important, the survey showed only a 4.1 percent vacancy in 50 existing and completed new buildings with a rental rate of $4.00 or more per square foot holding 8,043,000 square feet, almost two-thirds of all the surveyed space, and the bulk of the "quality" space covered.

Table 8, below summarizes these data:

Table 8. OFFICE BUILDING SPACE VACANCY CHARACTERISTICS, DOWNTOWN AND BACK BAY BOSTON, APRIL 1966

| Classification | No. of Bldgs. | Rentable Area (Square Feet) (000) | Percent Of Vacancy |
|---|---|---|---|
| Downtown | | | |
| New - Complete | 3 | 1,313 | 2.1% |
| New - Incomplete | 1 | 170 | 10.8% |
| Over $4.00 | 33 | 3,249 | 2.8% |
| $3.00 - $4.00 | 47 | 2,945 | 5.0% |
| $2.00 - $3.00 | 2 | 43 | 25.2% |
| Other | 8 | 476 | 20.1% |
| Total | 94 | 8,196 | 5.2% |

| Classification | No. of Bldgs. | Rentable Area (Square Feet) (000) | Percent Of Vacancy |
|---|---|---|---|
| Back Bay | | | |
| New - Complete | 6 | 1,186 | 10.5% |
| New - Incomplete | 1 | 45 | 20.0% |
| Over $4.00 | 8 | 2,295 | 3.3% |
| $3.00 - $4.00 | 24 | 739 | 28.7% |
| $2.00 - $3.00 | 4 | 74 | 33.5% |
| Total | 43 | 4,339 | 10.3% |
| Grand Total | 137 | 12,535 | 6.9% |

Office space within the downtown was doing even better -- excluding Back Bay totals -- with a 2.5 percent vacancy in new and existing space bringing $4.00 or more per square foot. The rate for space in the $3.00 - $4.00 range was only 5.0 percent and the overall vacancy was only 5.2 percent in the Downtown area. A majority of the space with high vacancy rates was not air conditioned and lacked having other amenities currently desired by most office tenants. These quality factors plus location and accessibility are extremely important to the maintenance of high occupancy rates. The vacancy patterns in the oldest and lowest quality buildings in the area of course, directly reflect these conditions.

> Thus, Boston's downtown office space vacancy picture has been improving on an overall basis. Recent market responses have demonstrated the strength of demand for first class space providing facilities, amenities and location as required by the great majority of Downtown office tenants. Government space occupancy in the existing private buildings accounts for only about six percent of the total space provided, indicating that shifts to Government Center buildings have not had an adverse impact on building occupancy and are not likely to do so in the period ahead with further shifts.

Perspective on Occupancy Trends. On a national level, office space occupancies have generally been rising. Since 1963 when 92.0 percent of reported space was utilized, the rate increased to 93.5 percent in June 1965 and 93.9 percent by June 1966, according to BOMA records. Boston records compare favorably with the New England Region, although rising slightly below the Region for the same time periods as shown below.

| Area | Occupancy Rate 1965 | 1966 |
|---|---|---|
| Boston | 91.6% | 93.0% |
| New England Region | 91.7% | 93.3% |
| Middle Atlantic Region | 95.2% | 95.8% |

The Middle Atlantic higher occupancy rate is substantially influenced by the extremely low vacancy rates for New York City and Washington, D.C., which are unique major national office centers. Overall, it appears that Boston is more than holding its own, especially considering that its "boom" in office space construction occurred later than in other major cities and that a sizable portion of its inventory is still in older, non-air conditioned space which produces a major portion of the vacancy rate, as shown earlier.

However, this pattern is gradually being altered as evidenced by the more than $69,000,000 of office construction authorized during the 1963-65 period in Boston's central area as compared with less than $3,000,000 from 1960 to 1962. The estimated value of new office space construction between 1960 and 1965 is shown below for the metropolitan area.

Table 9. OFFICE CONSTRUCTION VALUE TRENDS, BOSTON METROPOLITAN AREA, 1960 - 1965

| Period | Central Area | Remainder of Metropolitan Area | Metropolitan Area |
|---|---|---|---|
| 1960 - 62 | $ 2,750,000 | $ 31,218,000 | $ 33,968,000 |
| 1963 - 65 | 69,204,000 | 76,823,000 | 146,027,000 |
| Total 1960-65 | $71,954,000 | $108,041,000 | $179,995,000 |

Office Market Characteristics

Although new office building construction has been widely headlined, the rehabilitation and modernization of a considerable number of older buildings also has had a sizable impact on downtown revitalization. One local realty firm for example, reportedly purchased ten older buildings, modernized them with high speed automatic elevators; new lobbies and foyers, and rest rooms. Included are the Little Building, United Shoe Machinery Building and the Fiske Building. A completely new glass facade and a five-story penthouse were included as part of the Fiske Building modernization.

As a result of new office construction and modernization of older buildings, increased competition has produced upward rental shifts and considerable relocation among Downtown tenants. Although Boston still has some space renting for less than $2.00 per square foot, much of the older space has been upgraded into the $4.00 or more range including air conditioning and upwards of $3.00 without it. New buildings are reportedly renting for $6.00 - $7.00 per square foot (with some space in the Government Center area at $5.50 due to land discounts) and a high of $8.00

per square foot for space in more luxurious and completely finished space. As shown in the preceding table, tenants have been willing to pay an extra premium to get topnotch space, air conditioning and other amenities.

In the face of competitive market conditions, rents have held firm, according to our information, but some concessions have been negotiated principally in the form of improved facilities and amenities. Rental rates typically include decorating, office partitioning, air conditioning, utilities and char service.

New Construction and Absorption Pace. Up to an estimated 3,500,000 square feet of new private office space has been added to the general downtown area since 1963, based on a tabulation of principal buildings completed. Most of this space was added outside the project area, in the Back Bay and Waterfront sections. As mentioned, the recently completed and presently occupied space in Government Center has not significantly affected the overall occupancy levels of private office space as originally feared by local real estate leaders.

Government occupancy in private buildings did drop almost 500,000 square feet with the move to the John F. Kennedy Federal Building and other Government Center buildings. As a result, government tenants were occupying only 2.2 percent of private downtown space in October as compared with 6.2 percent in April of 1966. During this same period the overall vacancy rate increased slightly to 7.4 percent from 6.9 percent. Some of this increase in vacancies could also have resulted from the recent

opening of other private downtown office buildings. Thus, the transition has been relatively easily achieved, downtown absorption have been high and reasonable vacancy rates have been maintained.

Demand Prospects

The outlook for office space is even brighter than it was a year ago. Since then, One Center Plaza has started renting and government offices have been moving from private buildings into parts of the new Government Center complex. Fears that the vacated space would glut the market have not been justified thus far. There are a number of reasons for this result. Although it is not possible to document their relative importance the following points should be taken into account:

1. The addition of new space and modernization of much of the older space has reduced the "drain" of existing firms and new firms to suburban locations. The new confidence generated through downtown revitalization, a comprehensive approach to improving accessibility, adding parking and removal of declining areas has altered past decentralization trends so that downtown now seems to be holding its own. This is demonstrated by the fact that almost the same dollar volume of office space was authorized in the Central Area between 1963 and 1965 as in the remainder of the metropolitan area. (See Table 9.) In contrast, almost all construction authorized in the 1960-62 period was outside the central area.

2. In part this same revitalization program is attracting new firms to the New England Region, serving Boston and much of the northern portion of megalopolis along the Atlantic Seaboard. The availability of sufficient blocks of new and modernized space with appropriate amenities can be instrumental in attracting new regional offices of major corporations to the heart of the region's financial and administrative center.

3. A considerable number of older office buildings have been removed to make way for new downtown space, reducing the amount of available older office space and freeing up the market. This process can be expected to continue as new buildings are added and renewal demolitions take place.

4. Boston is only now catching up with long-restrained demand. As shown in Table 9 previously, 80 percent of the value of 1960-65 office space authorized in the metropolitan area has been added during the 1963-65 period. Described another way, authorized office space (in value) increased by 430 percent in the three year period between 1963 and 1965 over the volume during the 1960-62 period. Due to an inhibiting tax situation which now has been corrected, among other factors, Boston did not have the post-war office building construction surge that many other cities experienced. As a result, actual gains in downtown office development led to overcrowded office facilities in many cases. One local leasing authority has estimated that corporations have increased their occupied space by more than one-third in moves to new buildings as additional space became available.

5. Large blocks of space on single floors are sought by many large corporations interested in new space. Until new space was made available, Boston had little to offer in single floor space in the 20,000 square foot range. Only the Park Square and North Station buildings reportedly offered such quantities of space among the older buildings. This supply "deficiency" not only restrained local demand but also kept new outside firms out of the market in some degree.

These factors have operated in recent downtown market developments even apart from the fundamental forces of demand growth. They can be expected to continue in the future as can further basic demand increments, as discussed below.

The location of the NASA Electronics Research Center across the river in Cambridge can be expected to benefit Boston's economy and office space demand, with downtown likely to gain a sizable share. Total expenditures for the new space laboratory under construction and scheduled for completion in 1969 will total $61 million for plant and equipment.

Annual expenditures for research at the center are expected to total $8 million, with another $42 million spent annually through grants to universities and private industry.

Much of this 5.25 to 1 ratio can be expected to be allocated to facilities located nearby,attracting corporations with small and large offices to the area.

A downtown location could be attractive for multi-functional firms. This would be true for directly-related technical organizations as well as allied units and supporting services in the normal downtown activity groups. Companies now engaged in research will want to be represented and eventually new firms will likely be established, generating additional office space needs in new and modernized buildings.

New Growth Potentials

In order to establish the Downtown office space outlook in quantitative terms the Boston City Planning Board projections of downtown office-oriented employment for the 1957-75 period were updated to 1965 based on estimated office space added during the 1957-65 period.

> The area covered in the CBD as defined by the Planning Board in its analysis is considerably larger than the Downtown as delineated for the CBD Project area in this report. The Planning Board boundaries include the Back Bay, Waterfront and other downtown office concentration not included in the CBD Project. However, as all of these areas will be competing for the same Central Area market,the employment projections geared to this broader area are directly useful here.

An estimated 152,000 persons were employed in the four basic downtown office space-using categories -- finance, utilities, government and services and miscellaneous -- in 1965. Based on Planning Board projections, 180,375 workers will be employed in these classifications by 1975, a gain of 28,375 employees over 1965. The projected growth figures are shown in the following table.

Table 10. PROJECTED GROWTH IN DOWNTOWN OFFICE-ORIENTED EMPLOYMENT, BOSTON, 1965-75

| Classification | Estimated Number of Employees | | Change, 1965-75 | |
|---|---|---|---|---|
| | 1965 | 1975 | Number | Percent |
| Finance | 44,725 | 50,200 | 5,475 | 12.2% |
| Utilities | 20,550 | 20,000 | - 550 | -2.7% |
| Government | 48,725 | 60,000 | 11,175 | 23.1% |
| Services & Miscellaneous | 38,000 | 50,175 | 12,175 | 32.0% |
| Total | 152,000 | 180,375 | 28,375 | 18.7% |

Thus, finance, insurance and real estate employment is expected to expand by almost 5,500 persons. Various business, personal, repair, educational and professional services should continue their rapid growth, with over 12,000 new workers spearheading a sizable 32 percent gain. More than 11,000 jobs are expected to be added in various Federal, state and local government activities located in Government Center and elsewhere downtown. Only utilities among the office-using group, is expected to decline in employment, with 550 workers projected for reduction by 1975.

A broad variety of specific activities are included in these "office-

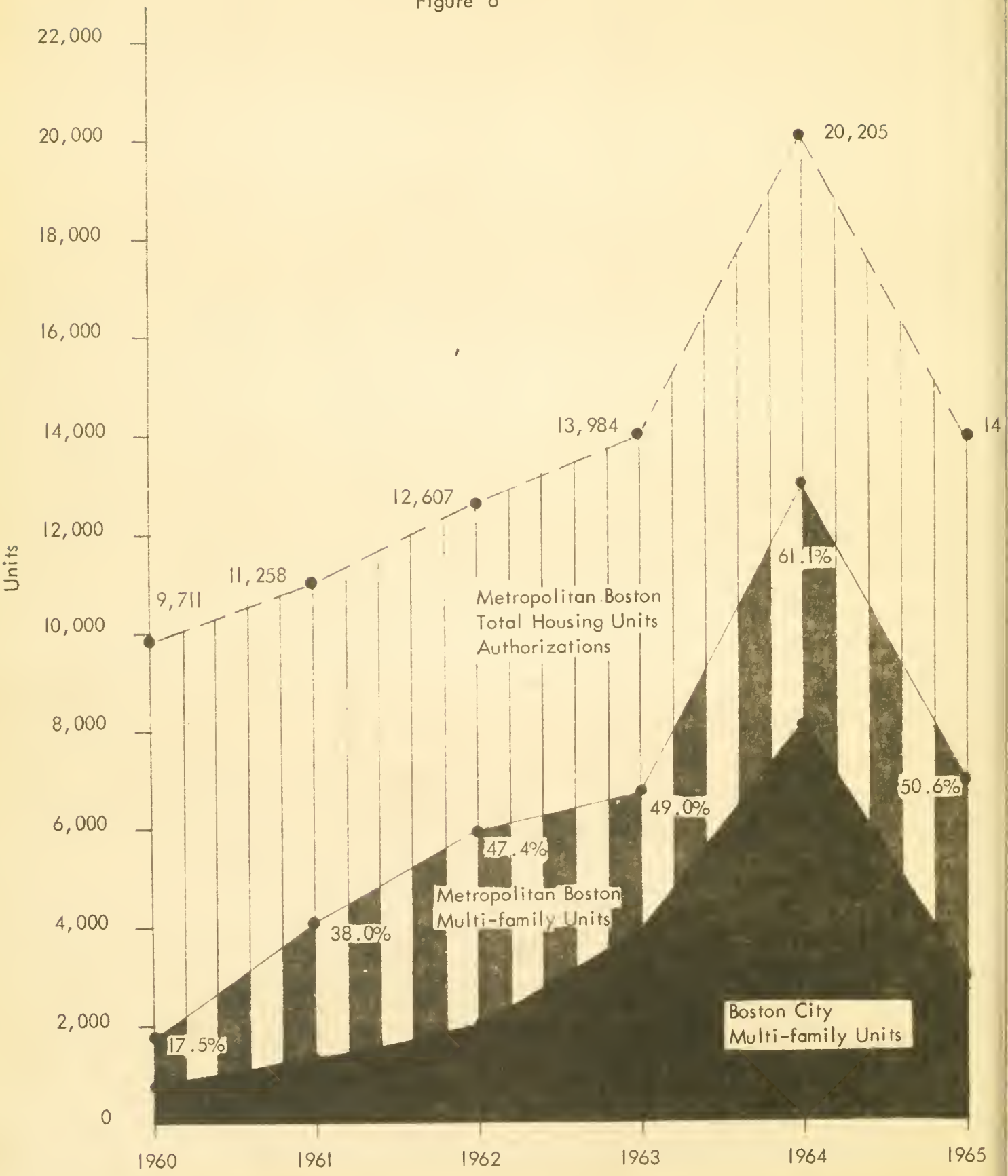
using" sectors, some of which are not fully office-oriented in their function. Analysis of past trends for these specific activities indicates that the pattern of actual use is similar to the totals given above. Other activities not included above however are also in the office market. An example is in the specialized office operations of manufacturing or wholesaling firms needed by manufacturers, representatives and buyers. These have not been included in the projections because lack of adequate data makes it impossible to accurately size or evaluate the trends in this group.

We have conservatively selected a density factor of 200 gross square feet per employee as appropriate for new Boston office space construction through 1975. This is the equivalent of 160-170 net square feet under a typical building efficiency of 80-85 percent. This gross density index is lower than the present Boston ratio which is in the 200-220 square foot range. The future outlook is actually for increased space allocations per employee. However, the lower figure was used because portions of the present space is inefficiently used due to age and obsolete structural layout, thereby "inflating" the current density figure.

Applying the density factor of 200 square feet to the projected employment expansion of 28,375 persons, approximately 3,900,000 square feet of gross floor space would be needed to accommodate the expected new growth. The projection includes a conservative assumption that only one-in-six new government employees would be housed in added private space. The remaining five-sixths of added government employment is expected to be located in government office buildings such as

APARTMENT AUTHORIZATION GROWTH TRENDS
CITY AND METROPOLITAN BOSTON
(1960 - 1965)

Figure 6



are being constructed in Government Center. In addition, no decline in utilities space was anticipated with the expected reduction in employment. This was based on the assumption that new utilities space being added or proposed (NET&T and Boston Gas, for example) would increase the space per employee and hold space needs constant even with the slight drop in employment projected.

### C. Downtown Apartment Potentials

The development of apartments in Boston lagged behind that of other major metropolitan areas. Growth -- based somewhat on pent-up demand--has accelerated since 1960 however. Boston's central area began to share in this growth only recently with a number of projects either under construction or planned for the area. The success of Charles River Park, early indications of a satisfactory leasing pace for the Tremont-On-The-Common and the Prudential Center apartments currently under construction illustrate the potentialities in the area. However, before considering individual area development, a look at 1960-65 metropolitan housing construction trends would be appropriate.

#### 1960-65 Housing Authorizations

Only approximately 17 percent of Metropolitan Boston housing units constructed during the 1950's were for rental (generally multi-family) purposes. However, less than one-half of all units authorized since 1960 were single family and almost 47 percent were located in apartment projects composed of five or more units.

Table 11, following summarizes Metropolitan Boston housing authorization trends by type of unit since 1960, both in number of units and percent of total.

Table 11. PRIVATE HOUSING UNIT AUTHORIZATIONS BY TYPE OF UNIT, METROPOLITAN BOSTON, 1960 - 1965

| | One Family | 2-4 Family | 5 or more Family | Private Total |
|---|---|---|---|---|
| A. Number of Units | | | | |
| 1960 | 7,520 | 493 | 1,698 | 9,711 |
| 1961 | 6,561 | 421 | 4,276 | 11,258 |
| 1962 | 5,900 | 733 | 5,974 | 12,607 |
| 1963 | 6,214 | 918 | 6,852 | 13,984 |
| 1964 | 6,736 | 1,123 | 12,346 | 20,205 |
| 1965 | 6,140 | 781 | 7,093 | 14,014 |
| 1960-65 Average | 6,512 | 745 | 6,373 | 13,630 |
| B. Percent Distribution By Type of Units | | | | |
| 1960 | 77.4% | 5.1% | 17.5% | 100.0% |
| 1961 | 58.3% | 3.7% | 38.0% | 100.0% |
| 1962 | 46.8% | 5.8% | 47.4% | 100.0% |
| 1963 | 44.4% | 6.6% | 49.0% | 100.0% |
| 1964 | 33.3% | 5.6% | 61.1% | 100.0% |
| 1965 | 43.8% | 5.6% | 50.6% | 100.0% |
| 1960-65 Average | 47.8% | 5.4% | 46.8% | 100.0% |

As shown in Table 11, between one-half and three-fifths of the units authorized in 1964 and 1965 were in apartment developments with five or more units. Even more significant, apartment construction in high-density Boston City has accounted for almost one-half of metropolitan apartment authorizations since 1960. On the average, annual proportions have generally been on the rise through this period as follows: 1960 (42 percent); 1961 (31 percent); 1962 (32 percent); 1963 (47 percent); 1964 (68 percent); and 1965 (43 percent). (See Figure 6 opposite) These figures indicate (1) an increasing

emphasis on apartments throughout the metropolitan area, and (2) an expanding demand and preference for apartments near the city center. Both of these trends are important to the future development of central area apartments and the annual absorption pace which can be maintained during the next six years on land proposed for apartments within the CBD Project.

## Key Apartment Trends

In general, elevator apartments in Boston's central area and elsewhere in Boston City and the regional core have been absorbed at a rapid pace and have maintained high occupancy rates. Examples follow below.

### Central Area Vicinity

1. Charles River Park. This project in the West Side Renewal Project has been successful with 1,414 out of 2,400 units now completed in the first three sections. The first two sections showed a 98 percent occupancy with the completion of Section A in early 1962 and B in 1965 according to our information. Absorption for the 487-unit third section have been about 60 units per month since initial occupancy in May 1966. This section was 36 percent occupied at the end of July. Rental rates range from $125 for efficiencies to $425 for three bedroom units.

2. Tremont-On-The-Common. Located within the CBD boundaries facing Boston Common on Tremont Street, this 374-unit tower is projected for first occupancy in January 1967. Approximately 40 units have been leased during the first two to three months, or about 11 percent of the development, we understand. This 27-story luxury building has studio rents beginning at $160 per month and two bedroom units renting for more than $400. Although it is too early to determine how successful this development will be, the initial leasing response and location advantages should encourage a strong leasing pace in this development.

3. Prudential Center Apartments. Scheduled to open in August 1967, the two-tower, 537-unit apartment complex under construction in the Prudential Center was reported to have leased almost 10 percent of its units during the first two months. Rising 26 floors in Boston's Back Bay, these luxury

buildings will have studio units beginning at $135 per month with a 3 bedroom "top" reported at $600. Initial response appears to be favorable considering that completion is almost one year away. If market response remains good, a third tower is also expected to be added.

All of these developments fall in the luxury classification of $50 per room or more. In addition, another 600 luxury units -- of 2,000 units proposed -- are scheduled soon for the "Carlyle" project on the Waterfront. The Christian Science Church has plans for the development of 3,500 apartment units -- including some luxury units we understand -- during the next eight years as part of a $71,000,000 church center located adjacent to the Prudential Center. Thus, a broad array of close-in units will be reaching the housing market during the next few years.

Local FHA sources indicate that an annual absorption of up to 1,000 luxury units is justifiable in the Greater Boston area without "glutting" the market. It is possible that some 3,000 to 4,000 units might be built and marketed in or near the Central Area alone during the next three to six years, indicating that this market might be overbuilt. In fact, preliminary FHA estimates are that an "excess" of up to 1,500 luxury units can be expected within the Regional Core in the next two years based on units existing or under construction.

There are other luxury developments in Boston City, Cambridge, Brookline and other portions of the regional core along with some "middle income" apartments. The middle income apartment can serve a potentially strong market which has been neglected in comparison to the luxury field in the Boston area based on recent construction patterns. A listing of selected projects and their status follows:

| Name & Location | Units | Status |
|---|---|---|
| A. Kenmore Square<br>Commonwealth & Beacon | 110 | 37 percent of the units were rented in June & July 1966 |
| B. Prince Apartments<br>Atlantic Avenue | 33 | 45 percent rented as of June 1966 |
| C. 1010 Memorial Drive<br>Cambridge | 85 | Completed August 1965; 81 percent occupied June 1966 |
| D. Jamaicaway Terrace | 281 | Completed and 65 percent occupied June 1966 |
| E. 1600 Beacon Street Apts.<br>Beacon & Clarendon | 130 | Completed March 1967<br>Few signed leases |
| F. Colonades<br>Tremont Street | 376 | Completed December 1965 |
| G. Farm Brookline<br>Route 9 & Jamacia Way Plain | 786 | Under construction |
| Total | 1,801 | |

Middle income apartments in the area include:

| | | |
|---|---|---|
| A. Long Wharf<br>Atlantic Avenue | 32 | 100 percent occupancy with waiting list |
| B. Charlesbank Apts. | 276 | Completed August 1963 |
| C. Regency House | 105 | Completed September 1963 |
| D. 872 Massachusetts Avenue | 90 | Completed 1965 |
| Total | 503 | |

Most of the elevator apartments built in 1964 and 1965 or planned for completion in 1966 or 1967 are luxury units. In contrast, only a few elevator developments covering the middle income spectrum ($8,000 - $11,000) have been built and these have maintained virtually 100 percent occupancy with waiting lists in some cases.

Housing For "Downtowners"

The demand for downtown housing was aimed at the "downtowner", identified as those who have a strong preference for living in or adjacent to downtown for various reasons, including accessibility to work, and proximity to entertainment and downtown nightlife. Because of the location and density, "downtowners" generally consist of small households (one or two persons) -- typically the single person, young married couples, middle aged persons or "empty nesters" whose children have left home, and the elderly. In many cases, young people working in the area share apartments and the rent with one or more others. The market focus for the CBD project can appropriately be on these dominant types of "downtowners" who would be able to afford and could be expected to be attracted to elevator apartments built in the CBD Project.

Specialized Markets. Probably the strongest single demand generator for close-in living is from the walk-to-work market. The downtown work force currently totals more than 200,000. Close to one-fifth of the metropolitan area work force is currently employed downtown, making Boston one of the more highly centralized cities in the U.S. In addition, the present downtown work force can be expected to expand by up to 25,000 workers by 1975, with another 10,000 - plus new workers slated for the adjacent close-in sections.

Downtown employment is strongly represented by rental-oriented households, such as white-collar workers (employed in offices and retail outlets) and junior executives. Many of these workers consider convenience and prestige of major importance in their residential selection. Another basic market

source might be the business organization seeking accommodations for visiting or recently transferred personnel and the business executive who needs a second residence near his work.

The market for sites scheduled for apartment use in the project will be detailed in Section III to follow. Desirable apartment characteristics, timing, staging and location will also be outlined in that Section.

## Section III. Project Marketability Analysis

## Section III

## PROJECT MARKETABILITY ANALYSIS

Based on new growth demand for retail, general commercial and office space and multi-family housing units indicated in the preceding Section, the overall demand for these uses and their marketability in terms of general location and other criteria can now be established. Transient housing marketability has been covered elsewhere. In addition, as discussed below, firms relocating as a result of renewal displacement are also an important factor in determining the amount of new space that can be appropriately programmed for the CBD Project.

### Relocation Demand

It is difficult to precisely determine how many displaced firms will choose to relocate and where. Figures show that approximately one out of five U.S. businesses faced with dislocation each year choose not to relocate for various reasons including proprietor age, higher rental costs, loss of market for goods or services, limited capital, lack of profits or direct financial losses at the old location. When applied to a specific area such as the CBD Project, the relocation pattern must be projected in terms of the likely percentage of firms or space which can be expected to relocate within the project area on parcels to be offered.

> There tends to be a "stair-step" process in such situations involving both "filtering-down" and "upgrading" in the type of space sought. Some displaced firms seek upgraded space in new or better quarters. They are willing and able to pay more for similar or larger floor areas. Other firms seek to move into space with similar rentals vacated by other outlets who in turn move to relocated facilities. Still other outlets seek space at lower rentals where profits can be maximized through lower operating costs

Location of space sought affects another key variable in the overall relocation process. Business firms faced with displacement in the CBD Project typically have a choice of specific location alternatives. They may choose simply to go out of business; they may select a new location elsewhere outside downtown; they may move elsewhere in the CBD but outside the project area; they may select a site within the project either on a parcel proposed for disposition under the plan or not. This wide range of choices underscores the desirability of a well-structured relocation program.

In addition, there is a tendency for a large amount of downtown revitalization to be generated through private initiative alone. Experience in other downtown urban renewal projects has indicated that an important side effect of urban renewal is the stimulation of development on other sites not designated for clearance or rehabilitation. As new environments are created by urban renewal action, other private investments are generated.

> The full array of crucial variables have been taken into account in our estimates of displaced firms and space which could be attracted to the clearance parcels proposed. We believe that the availability of the strategically-located, cleared sites to be offered under the urban renewal program will become the major factor in the Downtown development pattern. Developed at optimum intensity in relation to emerging markets, new space on renewal sites should successfully absorb the indicated new and relocation demand. Based on the factors listed above, we have conservatively estimated that typically 50 percent of the space and firms displaced by project operations will be attracted to the disposition tracts proposed. Somewhat higher propor-

are involved. The specific implications of this pattern for project site market proposals are set forth in the following pages.

## Project Market Potentials

The following amounts of space (or units) are considered to be marketable in the Central Business District Project clearance tracts. Proposed re-use space allocations by BRA planners are also shown to provide a comparison between renewal plan proposals and projected market supports.

In the case of retail and general commercial space where no ranges were originally shown in BRA plan, our marketability estimates were slightly below the space indicated in the re-use proposals. The differences were resolvable if space vacated or demolished before tabulation and space included in gross retail and general commercial re-use proposals by BRA which involve parking ramps and other non-commercial uses are considered. The relative effect of these factors has been estimated in arriving at the lower range shown below.

| Re-Use | Market Potentials | Re-Use Plan Proposals 1/ |
|---|---|---|
| Commercial Space | | |
| Retail | 1,370,000 sq. ft. | 1,350,000-1,505,000 sq. ft. |
| General Commercial | 480,000 sq. ft. | 475,000- 534,000 sq. ft. |
| Office Space | 2,210,000 sq. ft. 2/ | 2,105,000-3,365,000 sq. ft. |
| Multi-Family Housing | 1,600 units | 1,550-1 700 units |

1/ Estimated adjustment of upper range figure to account for space already vacated or demolished in project area and non-commercial uses in proposed new space such as parking reservoir and ramp areas.

2/ Includes 1,050,000 sq. ft. of office space for two proposed disposition parcels already purchased by private developers.

These demand potentials are described in specific detail below followed by estimates of space marketability by development sectors within the CBD Project. The projected market potentials have been based on a combination of new growth demand during the 1967-75 period, discounted by expected competitive space, and relocation demand derived from a portion of the space to be displaced in the various clearance parcels as the renewal process proceeds.

(In the case of multi-family housing, only new growth demand was established since no housing units are expected to be demolished.)

> In general, the space (or units) estimated as marketable in the project is within but at the lower end of the space range by types proposed in the renewal plan. Accordingly, two alternatives in space allocations are effectively available: (1) to distribute the marketable area at the lower intensity over Project parcels within the specified 1967-75 development period; or (2) to target at the more intensive development and the upper end of the space proposed by extending somewhat the redevelopment time-table in relation to the lower priority parcels. We would recommend the latter alternative and suggest some means of implementation in the discussion of marketability by CBD development sector later in this Section.

Retail Space. Approximately 1,370,000 square feet of retail space is considered to be marketable in the Project. This space would replace over 1,900,000 of general merchandise, apparel, furniture and other shoppers goods space expected to be displaced in the various CBD Project clearance parcels. This reduction in total retail space would result in more efficient, productive merchandising, and higher unit sales -- a continuation of trends already underway in Downtown Boston. The proposed space is divided as follows:

| Retail Type | Gross Square Feet |
|---|---|
| General Merchandise | 850,000 |
| Apparel | 375,000 |
| Furniture & Home Furnishings | 35,000 |
| Miscellaneous Shoppers Goods | 110,000 |
| Total | 1,370,000 |

Supported by new growth and relocation demand, general merchandise space would include a major new outlet, approximately 300,000 square feet in size providing popular-priced merchandise, as well as a new Raymond's store,

and additions to Jordan Marsh and Filene's. Another 350,000 square feet or slightly more than four-fifths of displaced space (representing the larger general merchandise stores with a minimum of 7,000 square feet) are expected to relocate within the project. More than 75 percent of space occupied by larger apparel firms with 5,000 or more square feet can reasonably be expected to relocate on project sites adding another 375,000 square feet based on relocation alone.

Roughly 60 percent or about 35,000 square feet of furniture and house furnishings space to be displaced should be able to relocate within the project although many of these are small in size and tend to locate in lower rent space frequently at the edge of the CBD. Finally, due to small size and limited resources of the many miscellaneous shoppers goods outlets (jewelry and book stores, sporting goods, gift, camera and other shops) displaced, we estimate that 50 percent or about 110,000 square feet of this space is likely to be relocated into the project sites, not accounting for new growth demand. Outlets with 2,000 or more square feet were considered to be larger firms in this instance.

> Thus, approximately 1,370,000 square feet of new shoppers goods space is recommended for the project to meet new growth and relocation requirements, with most of the space needs created through relocation. This figure conservatively does not include a variety of other retail types which might also offer some potential for occupancies in the project, particularly in the convenience lines. Overall, slightly more than 50 percent of the units displaced could be expected to relocate within the CBD Project.

General Commercial. An estimated 480,000 square feet of general commercial space (eating and drinking, entertainment and personal or business services) is proposed to replace the more than 736,000 square feet

scheduled for displacement within the project's clearance parcels. As in the case of retail space above, this consolidation and reduction in overall space occupied continues recent trends and should permit higher unit volumes and more effective enterprise.

| Type of Use | Gross Square Feet |
|---|---|
| Eating and Drinking | 330,000 |
| Entertainment | 50,000 |
| Other Services | 100,000 |
| Total | 480,000 |

The 330,000 square feet of eating and drinking space proposed is based on both new growth (130,000 square feet) and relocation of the larger existing outlets (200,000 square feet). Downtown sales for eating and drinking places are projected to increase by $7,800,000 with 80 percent of the increased sales projected for the project. Slightly more than one-half of the space to be displaced can be expected to remain within the project drawn by the concentration of employment, visitors and entertainment in the area. This is based on relocation within the project of some 70 percent of the space in larger eating and drinking places with 4,000 or more square feet of space.

A total of six movie theaters with a reported 3,000 seats are expected to be displaced. A grouping of two to three small theaters with over 500 seats is proposed for the entertainment grouping in the Hinge Block. These theaters plus a varied assortment of other facilities -- billiards and skating for example -- should provide an overall demand for 50,000 square feet of entertainment facilities.

Finally, another 30,000 square feet of miscellaneous service establishments comprising 50 percent of displaced space can be expected to choose to relocate within the project. A broad variety of outlets including barber and beauty shops, laundry and dry cleaning pick-up, shoe repair in the personal service field and varied business services among other units would add another 70,000 square feet to the total.

Office Space. Currently in the midst of an office space construction boom which got off to a late start, downtown Boston is expected to add an estimated 6,500,000 square feet of private and public office space by 1975 or possibly earlier. (This figure includes the 1,050,000 square feet proposed by State Street Plaza and Knickerbocker Construction Company on Parcels A-1c and A12c in the project). The amount of space planned for these office buildings includes structures either now under construction, firmly planned or proposed.

As originally set forth in Section II, a new growth demand for 3,900,000 gross square feet of office space was projected for the downtown area through 1975. Relocation requirements -- as a result of urban renewal process as well as private actions -- and a normal vacancy rate were also accounted in arriving at an overall demand estimate for office space, as follows:

Downtown Boston
Private Office Space Demand, 1967-75

| Sources | Gross Square Feet |
|---|---|
| New growth demand | 3,900,000 |
| Relocation demand: | |
| Public renewal | 950,000 |
| Private action | 1,140,000 |
| Total Demand | 5,990,000 |
| Allowance for 5 percent vacancy | 300,000 |
| Total | 6,290,000 |

A total of almost 950,000 square feet of space is programmed for displacement within the Project which can be expected to relocate to another downtown site either within the project or elsewhere in Back Bay, the Waterfront or other downtown areas. Further, additional downtown space will be demolished to make way for office buildings or other structures planned. Based on analysis of these programs, we calculate that two-fifths or 1,140,000 square feet of some 2,856,000 square feet of space -- exclusive of renewal dislocation space -- currently renting for less than $4.00 per square foot will be removed during the next period of years. This would necessitate the further relocation of office uses to other buildings.

Excluding the 1,200,000 square feet of public or quasi-public space proposed for the Government Center and Telephone Company addition, a total of 5,130,000 square feet are now firmly planned for private development. On this basis a residual demand for 1,160,000 square feet would be available against the 6,290,000 total projected.

Office space originally proposed for various project parcels ranged between 2,115,000 and 3,365,000 square feet including 250,000 square feet of space moved from general commercial to office in the re-use proposals to cover banks and other proposed financial space fitting the office category. Two office buildings totaling 1,050,000 square feet are now planned and ground purchased on the two clearance parcels A-1c and A-12c within the project. The residual demand of 1,160,000 square feet plus the proposed 1,050,000 square feet in the project would provide development of 2,210,000 square feet of office space. This would bring project office space potentials to a point somewhat above the low proposed in the plan.

Multi-Family Housing. Between 1,550 and 1,700 elevator apartments have been proposed in the plan for several sites bordering the Boston Common, Public Garden and the entertainment or "Hinge" Block in the Project. These settings and vistas, along with the overall downtown renewal program, can generate demands for middle income units and tap the past "under-supply" of appropriately priced apartments providing sufficient amenities.

We conservatively estimate that the close-in central area could absorb between 10 and 15 percent of Metropolitan Boston's annual multi-family market during the next six years. The area apartment market has averaged over 6,000 units annually since 1960 and indications are that 6,000 units can be absorbed annually during the next six years. This would be considerably below the 1963-65 peak years when 6,852, 12,346 and 7,093 units were authorized, respectively.

Thus, an absorption of 600 to 900 units annually for six years in the central area would total 3,600 to 5,400 units, with an estimated 3,000 luxury units expected to be absorbed in the Charles River Park, Tremont-On-The-Common, Waterfront, Prudential Center, and other smaller projects during this period.

These offerings should fully serve the metropolitan luxury apartment market with the central area absorbing one-half of the metropolitan annual average demand of 1,000 units in these rental ranges.

> In our judgment, 1,600 elevator units could be absorbed on the designated project sites over six years. These should be oriented to the middle-income market, filling the present gap between the luxury and moderate-income markets. This total program would average about 270 units annually over a six-year period or 22 per month, for persons in the $8,000-$11,000 income range (or equivalent in savings and investment potentials, if retired) with rents per room ranging between $35 and $45. Unit mix and rents by apartment type are recommended as follows:

| Type | Gross Monthly Rent | Percent Mix |
|---|---|---|
| Efficiency | $130 - 160 | 40% |
| One Bedroom | $180 - 190 | 50% |
| Two Bedroom | $210 - 225 | 10% |
| Three Bedroom | $240 - 275 | * |
| Total | | 100% |

* A limited number of three bedroom units might be included.

Average annual absorption of 270 units within the project could be achieved by attracting a very small portion (1/3 of 1 percent) of the turnover market and 15 percent of the annual new growth market. Based on 1960 Census characteristics, the following "downtowner" type middle income households existed in the Boston area.

| Household Type | Age of Household Head | $8,000 - $11,000 Income Households: 2 Person Household | $8,000 - $11,000 Income Households: Single Person Household |
|---|---|---|---|
| Young persons | Under 35 | 8,000 | 2,000* |
| "Empty Nesters" | 40-64 | 30,000 | 4,000 |
| Elderly | 65 & Over | 9,000 | 1,000 |
| Total Number | | 47,000 | 7,000 |

* Includes 1,000 single persons which might be expected to double up of 10,000 in the $4,000 - $8,000 income bracket.

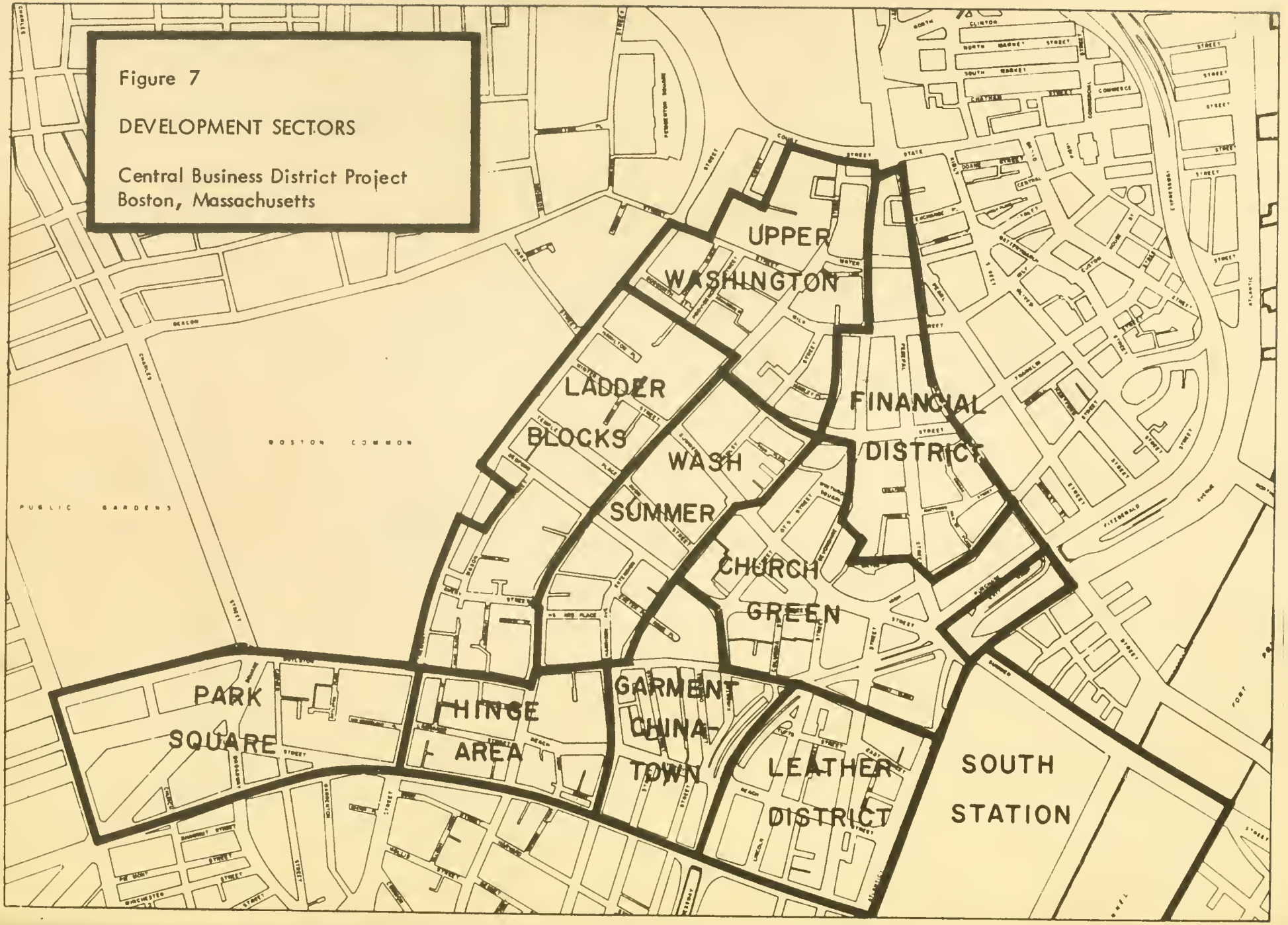


Figure 7
DEVELOPMENT SECTORS
Central Business District Project
Boston, Massachusetts
UPPER WASHINGTON
LADDER BLOCKS
WASH SUMMER
FINANCIAL DISTRICT
CHURCH GREEN
PARK SQUARE
HINGE AREA
GARMENT CHINA-TOWN
LEATHER DISTRICT
SOUTH STATION
BOSTON COMMON
PUBLIC GARDENS

A total of 54,000 small households are potentially available with sufficient income to afford downtown housing. Utilizing less than 1/3 of 1 percent of these units would support a program of 170 units per annum. In addition, another 100 units could be expected to be absorbed annually based on new growth. An estimated 9,500 households are expected to be added annually in the Boston area through 1975. Approximately seven percent of these or 665 households would fit the size and income descriptions for downtowners based on 1960 characteristics. Assuming that only 15 percent of these households were attracted to downtown units, 100 units could be absorbed in project area apartments annually.

> The combination of turnover and new growth demand would conservatively justify the 270 units proposed annually for the project parcels. Considering that more than 200,000 people are employed in the Central Area, this absorption figure would represent a modest "share" of the overall market and should be achievable with the development of suitable quality apartments including a range of competitive amenities and appropriate "downtown" residential environment.

Recommended staging and construction timing is indicated below:

| Parcel | Location | No. Units | Timing |
|---|---|---|---|
| B-10 | Tremont at West | 150 | 1968 |
| G-2 | Washington-Boylston (Hinge Block) | 500 | 1969-71 |
| B-1 | Upper Ladder Block | 200 | 1970 |
| H-3c | Boylston-Charles | 500 | 1968-72 |
| H-4 | Park Square | 250 | 1973 |
| | Total Units | 1,600 | |

All of the proposed sites are oriented to Boston Common or the Public Garden. In addition, the Park Square and Hinge Block units are tied to revitalization of the entertainment district. The initial residential development in the entertainment district should be staged to coincide with the

development of an upgraded entertainment mix to encourage apartment construction for the younger set. The Tremont Street parcel should be designed to attract the middle age and elderly market with its Boston Common orientation.

Marketability by Development Sector

Marketability for the disposition parcels located throughout the CBD Project can now be established against the background of overall project marketability. For purposes of this analysis, in translating overall market demand figures into specific clearance properties, we have divided the project into nine sub-areas defined by the BRA staff. Market findings relating to the disposition tracts are discussed in the following pages by these sub-areas, referred to as "development sectors".

The development sectors which contain clearance parcels are shown in Figure 7 opposite and are listed below:

I. Upper Washington
II. Ladder Blocks
III. Washington-Summer
IV. Church Green
V. Hinge Area
VI. Park Square

The South Station sector was covered in an earlier report. The remaining sub-areas had no clearance parcels and are not covered here.

Each of these sectors will be discussed individually in terms of space to be displaced, proposed and marketable new space.

Development Sector I: Upper Washington

| Type of Space | Measure | Floor Area To Be Displaced | Proposed New Space | Marketable New Space |
|---|---|---|---|---|
| Commercial Space | | | | |
| Retail | Gross sq. ft. | 340,405 | 180,000 | 150,000 |
| General Commercial | Gross sq. ft. | 53,680 | 144,000 | 110,000 |
| Office Space | Gross sq. ft. | 387,355 | 1,080,000-1,860,000* | 1,120,000* |
| Apartments | Units | -- | -- | -- |

* Includes three parcels which have already been purchased and office buildings firmly planned for construction.

This development sector is adjacent to the Government Center on the north, retail core on the south, financial office district on the east and State House on the west. Close proximity to these important concentrations makes this sector with twelve potential clearance parcels high on the priority list for development.

Over one-half of the renewal area demand for office space is expected in this area close to government and financial office areas. In addition, strengthening of the northern portion of the retail core with the development of a new Raymond's department store and related shoppers goods outlets will lend further strength to the sector. Finally, the provision of supporting general commercial space can appropriately service the office and retail area employees, shoppers and visitors. This could be in the form of restaurants, personal as well as business services.

Development Sector II: Ladder Blocks

| Type of Space | Measure | Floor Area To Be Displaced | Proposed New Space 2/ | Marketable New Space 2/ |
|---|---|---|---|---|
| Commercial Space | | | | |
| Retail | Gross Sq. ft. | 598,545 | 440,000 1/ | 415,000 |
| General Commercial | Gross sq. ft. | 143,095 | - | - |
| Office Space | Gross sq. ft. | 81,345 | 50,000-75,000 | 60,000 |
| Apartments | Units | - | 300-350 | 350 |

1/ Includes replacement of Gilchrist space

2/ Assuming that owners of structures on conditional parcels comply with BRA regulations and make necessary adjustments and improvements.

Located between the Boston Common and the major downtown department stores, the Ladder Blocks still offer a strong array of apparel and general merchandise stores which can provide the base for retail revitalization in this sector and strengthening the western section of the retail core.

Based on our market studies, we would recommend that a complement of apparel, general merchandise and miscellaneous shoppers goods outlets be provided totaling 415,000 sq. ft. Although slightly below the range of space proposed for the area, this floor area should be sufficient to revitalize the area provided that stores with effective merchandising, strong local appeal and attractive settings are developed on the involved sites. Complementing this mix should be two apartment buildings with 350 units located either adjacent to or facing the Common and approximately 60,000 sq. ft. of office space for firms serving this sector who will be displaced from the five clearance parcels involving acquisition. The apartments and office space could be located over the retail space to maximize surface retail continuity and provide maximum interaction of downtown activities.

Development Sector III: Washington-Summer

| Type of Space | Measure | Floor Area To Be Displaced | Proposed New Space | Marketable New Space |
|---|---|---|---|---|
| Commercial Space | | | | |
| Retail | Gross sq. ft. | 666,455 1/ | 335,000 | 305,000 |
| General Commercial | Gross sq. ft. | 30,625 | - | - |
| Office Space | Gross sq. ft. | 9,200 2/ | 160,000-300,000 | 180,000 |
| Apartments | Units | - | - | - |

1/ If the City Mart space were excluded, only 345,155 of retail space would be displaced

2/ Does not include Jordan Marsh office space included under retail space.

This development sector involves the heart of the existing retail core. Redevelopment objectives here include improved appearance, efficiency and retail continuity. In addition, improvement of off-street parking and loading facilities and all-weather connections between retail establishments are needed to make it a more desirable place to shop. New additions, renovation or entirely new space is proposed for the various department stores included in this development sector and its six clearance parcels.

We estimate that 305,000 square feet of new retail space -- primarily in general merchandise stores and apparel outlets -- can be justified for the Washington-Summer area. The office space planned should be retail-oriented with plans under way for utilization.

Development Sector IV: Church Green

| Type of Space | Measure | Floor Area To Be Displaced | Proposed New Space | Marketable New Space |
|---|---|---|---|---|
| Commercial Space | | | | |
| Retail | Gross sq. ft. | 207,975 | 550,000 | 500,000 |
| General Commercial | Gross sq. ft. | 140,805 | 80,000 | 80,000 |
| Office Space | Gross sq. ft. | 328,160 | 765,000-1,030,000 | 800,000 |
| Apartments | Units | - | - | - |

The Church Green development sector is one of the key areas programmed for renewal because of its new accessibility, central location and variety of uses planned. Successful redevelopment of the 13 parcels in this sector can do much to encourage revitalization of the entire Project as the proposed new uses can help tie the retail and office functional areas together and provide a needed link to the South Station area.

The provision of a new 310,000 square foot general merchandise unit stressing popular-priced merchandise is key to successful renewal in this sector. An additional 190,000 square feet of apparel and miscellaneous shoppers goods outlets would fill in areas between the existing retail core and the proposed new store.

Office space in the Dewey Square area and other parcels in the sector would be marketable as a part of the overall program here. Approximately 800,000 sq. ft. of office space for professional, finance, insurance and other services would link this area to the adjacent financial district. Supporting personal and business services up to 80,000 sq. ft. would be needed to service employees, shoppers and visitors, as well as replace general commercial space dislocated by renewal action

Development Sector V: Hinge Area

| Type of Space | Measure | Floor Area To Be Displaced | Proposed New Space | Marketable New Space |
|---|---|---|---|---|
| Commercial Space | | | | |
| Retail | Gross sq. ft. | 81,290 | - | - |
| General Commercial | Gross sq. ft. | 322,955 | 200,000 | 200,000 |
| Office Space | Gross sq. ft. | 40,430 | 50,000-100,000 | 50,000 |
| Apartments | Units | 12,900(s.f.) | 500 | 500 |

The two parcels comprising the Hinge Blocks -- bounded by Essex, Stuart and Tremont Streets and Harrison Avenue -- are situated in the heart of the entertainment district. They are the critical blocks for upgrading and strengthening downtown entertainment activities in future years.

These blocks offer excellent location for quality entertainment functions based on the following factors:

1. Within one block of several of Boston's downtown legitimate theaters including the Wilbur Theater, Charles Street Playhouse and the Shubert Theater.
2. Within several blocks of a majority of the downtown movie theaters.
3. In close proximity to major central area hotels.
4. Surrounded by restaurants, night spots, cocktail lounges and other entertainment facilities.
5. Adjacent to principal MBTA rapid transit connections.
6. Near transportation and sightseeing centers
7. Near major department stores and other key downtown retail stores.

Due to the close proximity to key facilities and services, these blocks offer unique opportunities for centralizing and strengthening downtown night life provided that an appropriate grouping of facilities can be brought together.

We recommend that the following facilities be provided:

| | |
|---|---|
| - Eating and drinking establishments | 100,000 s.f. |
| - Movie theaters (fine arts - foreign film types) | 40,000 s.f. |
| - Legitimate theater and/or other cultural, entertainment and recreation facilities in keeping with the above mix, architectural arrangement and emphasis. | 30,000 s.f. |
| - Convenience retail shops and other personal and business services | 30,000 s.f. |
| Total | 200,000 s.f. |

These facilities would be grouped around an open mall and include up to 500 apartments in a vertical type of development which would require outstanding architectural treatment and arrangement to create necessary color and quality in a high density setting. The approximately 200,000 square feet of general commercial space might be marketed in this grouping and the parcel in the block adjoining. Supper clubs, dining, dancing and show-place facilities are recommended in these blocks. According to some local sources, the type of facility similar to Blinstrub's Village is in short supply and is needed to highlight and round out local nighttime facilities. Combined with the other units proposed in the Hinge Blocks, a supper club with top-notch entertainment along with dining and dancing could breathe new life into the entertainment district.

Broad groupings of dining spots ranging from fine restaurants, supper clubs, rathskellers and other types are also recommended offering a wide selection of international dishes, fine cuisine, drinks and entertainment. Facilities should also be provided to meet the demand for short orders, sandwiches, pizza, breakfast and lunch as well as food specialities. The nature of these groupings would act to strengthen the potential drawing power of each individual outlet.

| Development Sector VI: Park Square<br>Type of Space | Measure | Floor Area To Be Displaced | Proposed New Space | Marketable New Space |
|---|---|---|---|---|
| Commercial Space | | | | |
| Retail | Gross Sq. ft. | 7,000 | - | - |
| General Commercial | Gross sq. ft. | 44,940 | 110,000 | 90,000 |
| Office Space | Gross sq. ft. | 34,460 | - | - |
| Apartments | Units | - | 750-850 | 750 |

The Park Square development sector, currently hotel and entertainment oriented, is particularly suited to residential and supporting personal service uses. Bordered by the Common and Public Garden and conveniently close to the retail and entertainment concentrations, this area -- with an upgraded environment -- would generate markets for 750 apartments oriented to "downtowners." From this location, residents could conveniently walk to jobs, shops and other activities located downtown. Timing, rental rates and other characteristics were covered previously in this Section.

# SECTION IV. REUSE VALUES

## SECTION IV. REUSE VALUES

In this section, preliminary re-use valuation ranges are developed on a unit square foot basis for each of the disposition parcels. Omitted, however, are the conditional taking parcels and South Station parcels. These have been estimated separately by BRA in the case of South Station. In the case of conditionals, neither the costs nor re-use values have been taken into account at this preliminary stage in calculating project finances. The resulting figures are intended to serve as guidelines to assist in calculating net project costs. They do not substitute for a final valuation appraisal based on detailed features, restrictions and similar factors affecting specific potential for utilization for each of the parcels. Nor do they take into specific account transaction prices for comparable parcels elsewhere in the general area. They are however, based on general real estate sales experience in the city under related conditions.

The disposition parcels for the CBD project listed in order, for the various private and public uses together with the development program and restrictions affecting them, are shown in the table which follows immediately below.

TABLE 12. DEVELOPMENT PROGRAM AND RESTRICTIONS, DISPOSITION PARCELS, CENTRAL BUSINESS DISTRICT PROJECT

| Parcel Number | Permitted Uses | Intended Use | Commentary |
|---|---|---|---|
| A-1C [1/] | Commercial and Office | Office | Minimum floor area ratio (FAR) of 10 |
| A-2 | Commercial and Office | Office | Minimum FAR of 10 |
| A-3 | Public open space commercial/alternate | Public open space | Building height not exceed 155 feet if commercial/alternate is used |
| A-4 | Public open space | Public open space | Setting for Old South Meeting House |
| A-5 | Commercial and Office | Office | Minimum FAR of 6; building height not to exceed 155 feet. Pedestrian easement |
| A-6 | Commercial, Office and Parking | Combination of retail and office space with parking facility | Minimum FAR of 3 (not to exceed 10) 900 parking spaces; Site of new Raymonds Dept. Store. Pedestrian easement. |
| A-7 | Commercial and Office | Retail and Offices | Minimum FAR of 4 |
| A-8 | Commercial and parking | Retail space and parking | Minimum FAR of 4. 250 parking spaces. Setback of 50 ft. required above a height of 100 ft. on Washington St. |
| A-9 | Commercial and Office space | General commercial and office space | Minimum FAR of 3 (not to exceed 6); Building height not to be less than 65 ft. or more than 95 ft. |
| A-10 | Public open space | Public open space | |
| A-11C [1/] | Commercial and parking | General commercial and parking | Minimum FAR of 6. Building height not to exceed 125 feet. 600 parking spaces |
| A-12C [1/] | Commercial and office space | Office building including general commercial space | Minimum FAR of 10. Building height not to exceed 500 feet. |

1/ Parcels which have been purchased and buildings firmly committed.

| Parcel Number | Permitted Uses | Intended Use | Commentary |
|---|---|---|---|
| B-1 | Commercial and residential | Retail space and apartments | Minimum FAR of 4 |
| B-5 | Commercial | Retail commercial space | Minimum FAR of 4; Truck tunnel easement |
| B-7 | Commercial | Retail commercial space | Minimum FAR of 4; Truck tunnel easement |
| B-10 | Commercial, residential and parking | Retail commercial space, apartments and parking | Minimum FAR of 4, 600 parking spaces; Truck tunnel easement |

Note: Parcels B-2C, 3C, 4C, 6C, 8C, 9C, and 11C involve restricted conditional takings of the existing uses and would not require demolition if specified BRA renewal requirements are met. These parcels have been excluded from market and value analysis at this preliminary stage because of the limited objectives proposed.

| | | | |
|---|---|---|---|
| C-1 | Commercial with public open space alternate | Retail Commercial | Minimum FAR of 4 with a setback of 50 ft. required above a height of 100 ft. on Washington St. |
| C-2 | Commercial and office with public open space alternate | Public open space | Minimum FAR of 4. |
| C-3 | Commercial and office | Retail commercial and office space | Minimum FAR of 4. Underground servicing required |
| C-4 | Commercial, office and parking | Retail commercial, office space and parking facilities | Minimum FAR of 4. Setback of 50 ft required above height of 100 ft on Washington St; 900 parking spaces; underground servicing required |
| C-5C | Commercial and office | Retail commercial and office space | Minimum FAR of 4; setback of 50 ft. required above height of 100 ft on Washington St. |
| C-6C | Commercial and office | Retail commercial | Minimum FAR of 4 |
| C-7 | Public open space alternate: commercial and office | Public open space | |

| Parcel Number | Permitted Uses | Intended Uses | Commentary |
|---|---|---|---|
| D-1 | Commercial and office | Retail and office space | Minimum FAR of 3; Pedestrian easement |
| D-2 | Commercial, office and parking | Retail and office space and parking facilities | Minimum FAR of 4; 600 parking spaces |
| D-3 | Commercial | General commercial space | Minimum FAR of 4 |
| D-4 | Commercial and office | Offices including general commercial space | Minimum FAR of 4 |
| D-5 | Commercial and parking | Retail department store with parking facilities | Minimum FAR of 4 Pedestrian easement |
| D-6 | Commercial | General commercial | No minimum FAR Pedestrian easement |
| D-7 | Office | General commercial and office space | Minimum FAR of 10 Pedestrian easement |
| E-1 | South Station Development | | |
| E-2 | South Station Development | | |
| E-3 | South Station Development | | |
| E-4 | South Station Development | | |
| F-1 | Public open space | Public open space | |
| F-2 | Commercial | General commercial | Minimum FAR of 1 Pedestrian easement |
| F-3 | Office Commercial and parking | General commercial and office space and parking facilities | Minimum FAR of 6 450 parking spaces |
| F-4C | Commercial and office | General commercial and office space | Minimum FAR of 6 |
| F-5 | Public open space | Public open space | |
| F-6 | Public open space | Public open space | |

| Parcel Number | Permitted Uses | Intended Use | Commentary |
|---|---|---|---|
| G-1 | Office, Commercial and parking | General commercial and office space and parking | Minimum FAR of 4; 900 parking spaces Pedestrian easement |
| G-2 | Commercial, residential and transient housing | General commercial and apartments | Minimum FAR of 4; Underground servicing Pedestrian Easement |
| G-3 | Public open space | Public open space | |
| H-1 | Public open space Commercial alternate | Public open space | |
| H-2 | Public open space Commercial alternate | Public open space | |
| H-3C | Transient housing, residential and office | General commercial and apartments | Minimum FAR of 6 |
| H-4 | Residential, transient housing and office | General commercial and apartments | Minimum FAR of 4 |

Note: Parcels designated "C" are conditional takings.

The preliminary estimates of square footage value ranges for the project's disposition parcels, taking ir to account the program and use basis; parcel location, size, shape and restrictions are set forth in Table 13, following. Results are stated in terms of a range included to bracket the factors influencing value. In some cases, the range is narrow where the effect of agency development restrictions can be reasonably judged at this stage. In other cases, where the range is broader, these special value factors will require more detailed analysis. The application of these unit values to parcels involved will produce a total disposition price estimate centering on $18,300,000. This figure includes an allowance for the South Station parcels, furnished by BRA, at $4,400,000. The high end of the unit value ranges will produce a total of approximately $20,000,000 in disposition sales, and the low end, a figure of about $16,500,000.

TABLE 13. PRELIMINARY REUSE VALUE ESTIMATES, SQUARE FOOT BASIS, CENTRAL BUSINESS DISTRICT PROJECT

| Parcel Numbers | Reuse Value Estimate (per sq. ft.) | Comments |
|---|---|---|
| A-1C | | Conditional Taking |
| A-2 | $14.00 - $18.00 | |
| A-3 | $12.00 - $16.00 | Public Open Space |
| A-4 | $ 4.00 - $ 6.00 | Public Open Space |
| A-5 | $17.00 - $22.00 | |
| A-6 | $17.00 - $22.00 | |
| A-7 | $10.00 - $14.00 | |
| A-8 | $16.00 - $20.00 | |
| A-9 | $17.00 - $22.00 | |
| A-10 | $ 4.00 - $ 6.00 | Public Open Space |
| A-11C | | Conditional Taking |
| A-12C | | Conditional Taking |
| B-1 | $17.00 - $22.00 | |
| B-2C | | Conditional Taking |
| B-3C | | Conditional Taking |
| B-4C | | Conditional Taking |
| B-5 | $12.00 - $16.00 | |
| B-6C | | Conditional Taking |
| B-7 | $10.00 - $14.00 | |
| B-8C | | Conditional Taking |
| B-9C | | Conditional Taking |
| B-10 | $12.00 - $16.00 | |
| B-11C | | Conditional Taking |
| C-1 | $20.00 - $24.00 | |
| C-2 | $10.00 - $14.00 | Public Open Space |
| C-3 | $20.00 - $24.00 | |
| C-4 | $12.00 - $16.00 | |
| C-5C | | Conditional Taking |
| C-6C | | Conditional Taking |
| C-7 | $ 4.00 - $ 6.00 | Public Open Space |
| D-1 | $ 8.00 - $12.00 | |
| D-2 | $ 5.00 - $ 7.00 | |
| D-3 | $ 4.00 - $ 6.00 | |
| D-4 | $ 5.00 - $ 7.00 | |
| D-5 | $ 5.00 - $ 9.00 | |
| D-6 | $ 5.00 - $ 9.00 | |
| D-7 | $17.00 - $22.00 | |

| Parcel Numbers | Reuse Value Estimate (per sq. ft.) | Comments |
|---|---|---|
| E-1 | South Station Development | |
| E-2 | South Station Development | |
| E-3 | South Station Development | |
| E-4 | South Station Development | |
| F-1 | $5.00 - $9.00 | Public Open Space |
| F-2 | $5.00 - $9.00 | |
| F-3 | $5.00 - $9.00 | |
| F-4C | | Conditional Taking |
| F-5 | $5.00 - $9.00 | Public Open Space |
| F-6 | $4.00 - $6.00 | Public Open Space |
| G-1 | $5.00 - $9.00 | |
| G-2 | $8.00 - $12.00 | |
| G-3 | $4.00 - $6.00 | Public Open Space |
| H-1 | $5.00 - $9.00 | Public Open Space |
| H-2 | $4.00 - $6.00 | Public Open Space |
| H-3C | | Conditional Taking |
| H-4 | $8.00 - $12.00 | |

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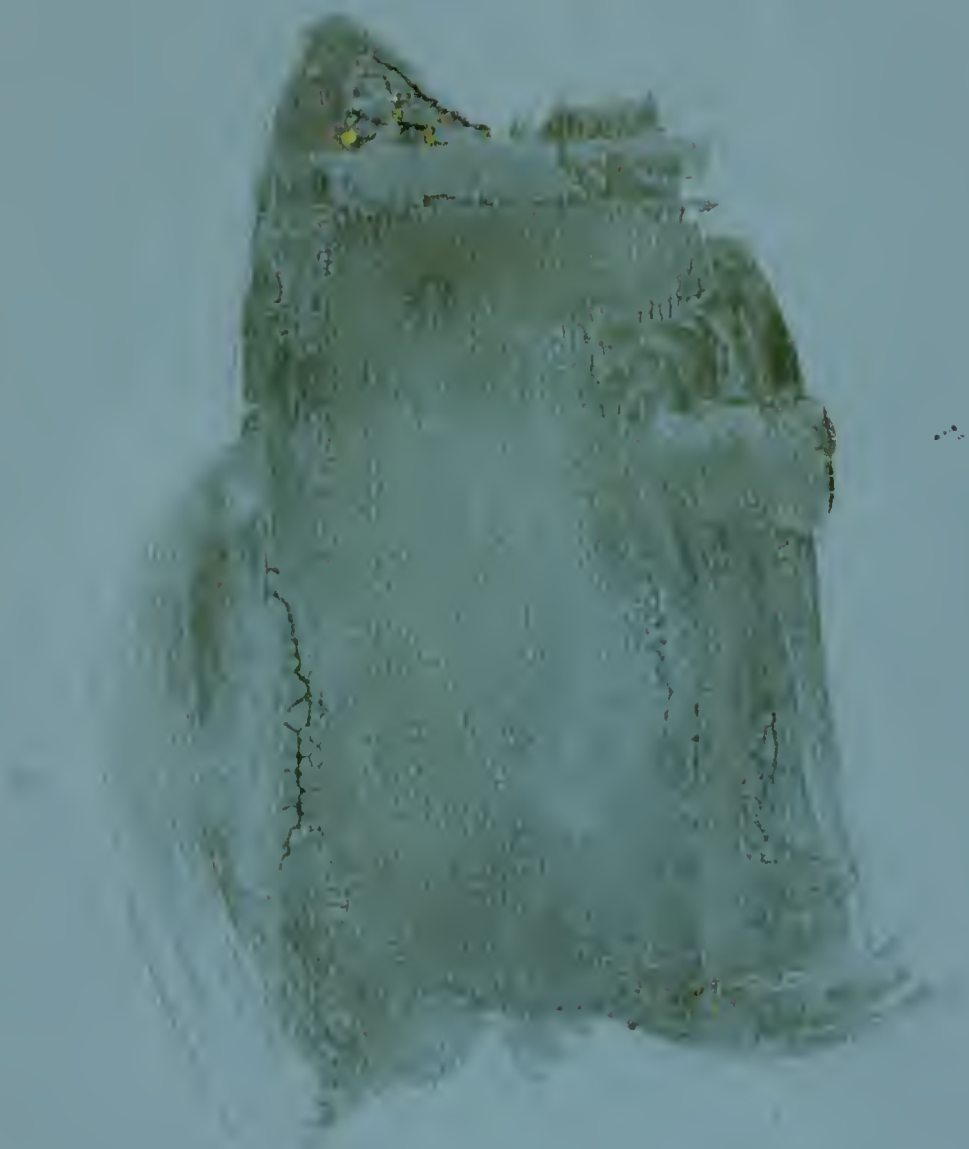

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